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STATE OF MINNESOTA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1988

PREPARED BY
DEPARTMENT OF FINANCE
TOM TRIPPLETT, COMMISSIONER
400 CENTENNIAL BUILDING
658 CEDAR STREET
ST. PAUL, MINNESOTA 55155

STATE OF MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1988

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INTRODUCTION

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR

ST. PAUL 55155

RUDY PERPICH
GOVERNOR

December 15, 1988

I am pleased to transmit Minnesota's Comprehensive Annual Financial Report.

This Report demonstrates both the continuing strength of the Minnesota economy, and the sound condition of Minnesota state government finances.

The strong state economy generated General Fund revenues in excess of projections. Overall, tax revenues exceeded forecast revenues during the past year by \$180 million. Pursuant to 1988 legislation, \$550 million is now set aside in the state's budget reserve. This reserve can only be expended in the event of a future projected shortfall, and then only for already approved expenditures.

The maintenance of fiscal stability for Minnesota continues to be one of my highest priorities. In the 1989 legislative session, I will strive for a reserve equalling five percent of biennial expenditures. In addition, we will seek additional reforms designed to improve the cost effectiveness and productivity of governmental programs.

Finally, I am pleased that the three most recent Financial Reports prepared by the Department of Finance have been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association. These Certificates are further evidence of our commitment to fiscal accountability.

Sincerely,


RUDY PERPICH
Governor

AN EQUAL OPPORTUNITY EMPLOYER

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**State of Minnesota
Department of Finance**

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
(612) 296-5900

December 15, 1988

The Honorable Rudy Perpich, Governor
and
Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, we are submitting the Comprehensive Annual Financial Report for the state of Minnesota for the fiscal year ended June 30, 1988. This report includes the financial statements for the state of Minnesota and the disclosure necessary to accurately present the financial condition and results of operations for the year then ended. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units, as established by the Governmental Accounting Standards Board (GASB).

The Department of Finance is responsible for the accuracy, fairness, and completeness of the financial statements, including all disclosures, presented in this report. While these statements, of necessity, include some amounts which are based on management's best estimates and judgment, we believe that the information presented is accurate in all material respects. The financial statements have earned an unqualified audit opinion.

The report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and Statistical Section, containing financial and other data for prior and current years. The Notes to the Financial Statements in the financial section are considered essential for adequate disclosure and fair presentation of this report and are necessary to an understanding of the information included in the statements. They include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state.

ACCOUNTING SYSTEM AND INTERNAL CONTROLS - The Department of Finance is responsible for the statewide accounting system (SWAS) from which these financial statements were prepared. The SWAS is maintained on a budgetary basis of accounting. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year end are considered expenditures. Since this budgetary basis differs from GAAP, adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These differing bases result in the budgetary fund balances often being significantly different from those calculated under GAAP.

The Department of Finance is also responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional, and that the accounting records from which the financial statements were prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.

To further improve control over state assets, and to increase assurance of the accuracy of accounting records and compliance with policies and procedures, the state has begun initiatives to improve and expand internal auditing in executive branch agencies. Legislation has been proposed and budget requests submitted for resources to expand internal auditing to additional agencies.

BUDGETARY PROCESS - The state's fiscal period is a biennium. The governor's biennial budget is presented to the Legislature in January of the odd numbered years for the upcoming biennium. State statutes require a balanced budget. Specific legislative appropriations are required for several funds. These funds include the General, Trunk Highway, Highway User Tax Distribution, State Airports, Transit Assistance, Game and Fish, Water Recreation, Minnesota Resources, Public Health, Miscellaneous Appropriated, and Environmental Funds.

Budgetary control is provided primarily through the accounting system. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The accounting system does not permit expenditures in excess of these amounts.

FINANCIAL HIGHLIGHTS

General Fund - During fiscal year 1988 the total fund balance, on a GAAP basis, for the General Fund increased by \$327.2 million to \$768.8 million. At June 30, 1988, the unreserved, undesignated portion of the fund balance was \$377.1 million, after providing for the \$265 million budgetary reserve. This is in comparison to the \$61.7 million unreserved, undesignated fund balance at the end of fiscal year 1987. On a budgetary basis, the June 30, 1988, unrestricted (undesignated) fund balance for the General Fund was \$517.8 million, compared to \$168.5 at the end of 1987.

General Fund revenues and transfers-in totaled \$5,758,616,287 for fiscal year 1988, up 11.4 percent from those for fiscal year 1987. The increase is primarily the result of increases in individual income and sales tax revenues. General Fund expenditures and transfers-out for the year totaled \$5,436,807,456, an increase of 7.5 percent from the previous year. Of this amount, \$4,231,616,166, (77.8 percent) is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

General Governmental Functions - General governmental functions are those provided from the General, Special Revenue, Capital Projects and Debt Service Funds. The net revenues, expenditures and transfers for these funds are presented below (expressed in thousands). The percent of total and the increases or decreases over fiscal year 1987 are also presented.

NET REVENUES:	Increase (Decrease) over F.Y. 1987			
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Individual Income Taxes	\$2,626,343	30.4%	\$ 325,470	14.2%
Corporate Income Taxes	416,646	4.8	(285)	(.1)
Sales Tax	1,681,263	19.4	212,791	14.5
Fuel Taxes	386,971	4.5	31,028	8.7
Other Taxes	1,096,598	12.7	68,225	6.6
Federal Revenue	1,821,844	21.1	58,078	3.3
Investment Income	103,331	1.2	23,255	29.0
Other Revenue	<u>506,885</u>	<u>5.9</u>	<u>59,216</u>	<u>13.2</u>
Total Net Revenues	\$8,639,881	100.0%	\$ 777,778	9.9%

EXPENDITURES AND TRANSFERS-OUT:

Protection of Persons/Property	\$ 120,242	1.4%	14,479	13.7%
Transportation	253,548	3.0	11,982	5.0
Resource Management	156,469	1.8	29,306	23.0
Economic/Manpower Development	159,485	1.9	(587)	(.4)
Education	375,162	4.4	43,847	13.2
Health and Social Services	399,713	4.7	32,527	8.9
General Government	180,121	2.1	23,474	15.0
Capital Outlay	476,237	5.6	40,083	9.2
Debt Service	175,702	2.1	(5,995)	(3.3)
Grants and Subsidies	<u>5,896,907</u>	<u>69.8</u>	<u>332,147</u>	<u>6.0</u>
Total Expenditures	\$8,193,586	97.0%	\$ 521,263	6.8
Net Transfers-Out	<u>251,007</u>	<u>3.0</u>	<u>3,283</u>	<u>1.3</u>
Total Expenditures and Transfers-out	\$8,444,593	100.0%	\$ 524,546	6.6

The higher than average increase in individual income taxes is the result of the elimination of federal deductibility, expansion of the base to conform to the Tax Reform Act of 1986 and a change in the rate structure. The unusual increase in sales tax revenues was caused primarily by a broadening of the tax base to additional items and services and to include additional organizations as subject to sales tax. The large percentage increase in other revenues is the result of several factors including increased enrollment at state colleges and universities, hence higher tuition revenues; increased rates for some fees; and, new fees for a variety of purposes. Investment earnings increased due to a combination of increased return on investments and larger balances.

Increases in expenditures for protection of persons and property occurred mainly in the Department of Military Affairs where federal resources provided for increased staffing and improved security at various sites. Another part of the increase is for expenditures of federal resources not previously included. The relatively large percentage increase in expenditures for resource management was for various Department of Natural Resources' programs funded in part by increased fee revenues discussed above, and by the cost to fight forest fires which were more severe during

1988 due to the drought. Education expenditures were higher, in part because of higher enrollments. The greater expenditures in this area also reflect the state's commitment to education. The increase in general government expenditures has several causes; the largest single component is for resources to improve tax compliance through additional tax auditors and new and improved computer systems to help assure compliance. Other increases were spread among many departments; no one increase was significant.

Debt Administration

Minnesota's credit ratings on general obligation bonds are AA+ (Standard and Poor's) and Aa (Moody's). During fiscal year 1988 the state issued \$210.5 million of new general obligation bonds -- \$200 million for capital projects, \$8 million for the Family Farm Security Loan program and \$2.5 million for the Rural Finance Authority. \$87.2 million of general obligation bonds were redeemed during 1988, leaving an outstanding balance of \$1.3 billion. In addition, \$182.5 million in general obligation refunding bonds were sold. The refunding bonds replaced \$165.5 million of bonds originally issued in 1983 and 1985. The present value savings resulting from this refunding issue was \$7 million.

The state of Minnesota's debt management policy states that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3% of the total projected biennial unrestricted General Fund non-dedicated revenues, net of refunds, on the budgetary basis. The ratio of actual transfers to actual net non-dedicated revenues for the first year of the biennium (year ended June 30, 1988) was 2.4%.

The state's debt policy also states that general obligation bonded debt should not exceed 2.5% of the total personal income for the state, as reported for the calendar year most recently ended. This ratio was 1.91% based on general obligation bonded debt outstanding at June 30, 1988, and personal income for calendar year 1987.

AUDITS

The Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. Additionally they issue a management letter to each state agency and a summary report to the Legislature.

As a part of the audit of these financial statements, a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit meets the requirements of the federal Single Audit Act of 1984. The audit covers federal program activity for state agencies for the year ended June 30, 1988. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March, 1989.

CERTIFICATE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Minnesota for its comprehensive annual financial report for the fiscal year ended June 30, 1987.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

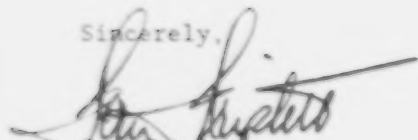
OUTLOOK

Minnesota's economic outlook continues strong. Non-dedicated revenues are expected to grow by more than \$1.1 billion during the 1990-91 biennium. The risks of an economic slowdown during the next biennium are high, however, emphasizing the importance of contingency planning. A strong budget reserve is one key element of Minnesota's risk management strategy. The current (fiscal year 1989) \$550 million reserve, about 5 percent of the biennial budget provides the state with funds if revenues are projected to fall below expenditure commitments. The fully funded budget reserve is strong evidence of Minnesota's commitment to prudent financial management.

ACKNOWLEDGEMENTS

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies. Assistance from these agencies ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report, as well as for the many people in other agencies without whose efforts this report, with its unqualified audit opinion, would not be possible.

Sincerely,



Tom Triplett
Commissioner

STATE OF MINNESOTA GOVERNMENTAL FUND REVENUES FISCAL YEAR 1988

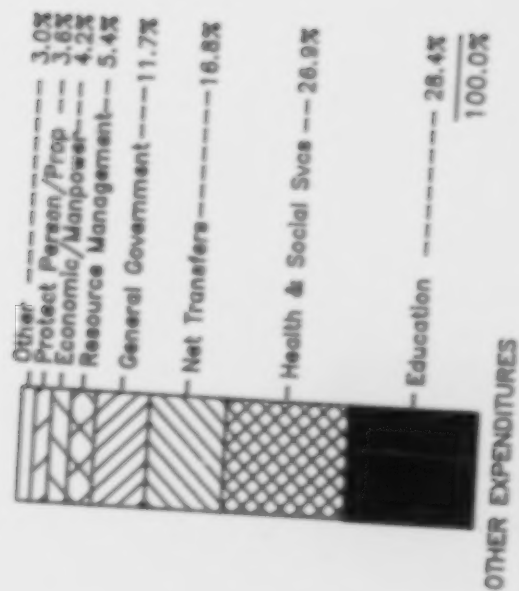
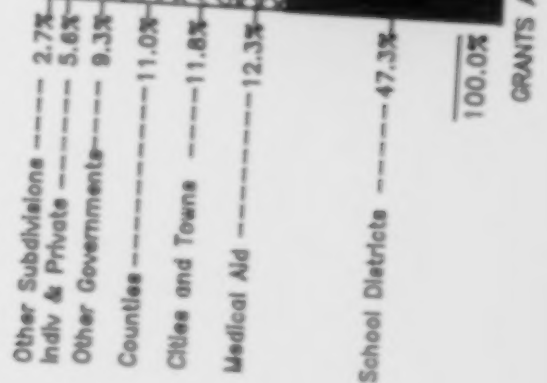
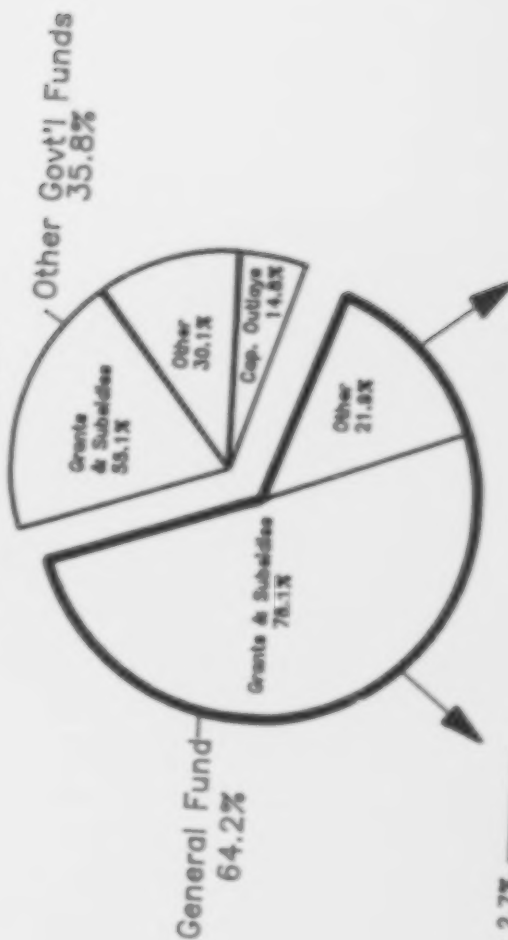


TOTAL REVENUES

GENERAL FUND

STATE OF MINNESOTA GOVERNMENTAL FUND EXPENDITURES FISCAL YEAR 1988

TOTAL EXPENDITURES



Certificate of Achievement for Excellence in Financial Reporting

Presented to
State of Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 1987

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

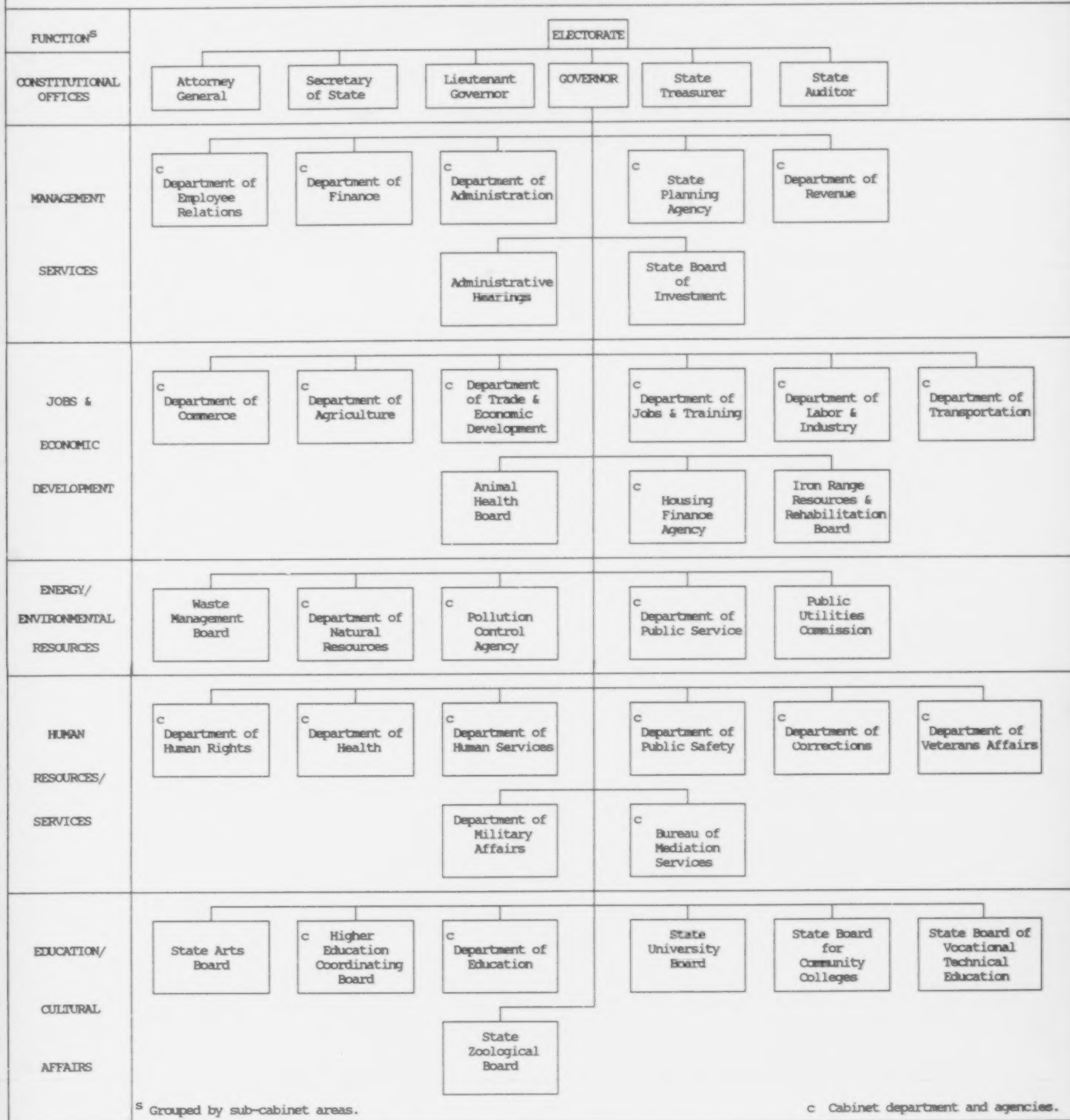
Executive Director

The State of Minnesota was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1987.

ORGANIZATION CHART of the EXECUTIVE BRANCH

STATE OF MINNESOTA

Department of Administration
June, 1988



STATE OF MINNESOTA
PRINCIPAL OFFICIALS

EXECUTIVE BRANCH

GOVERNOR: RUDY PERPICH

LIEUTENANT GOVERNOR: MARLENE JOHNSON

ATTORNEY GENERAL: HUBERT H. HUMPHREY, III

STATE TREASURER: MICHAEL M. MCGRATH

SECRETARY OF STATE: JOAN ANDERSON GROWE

STATE AUDITOR: ARNE H. CARLSON

LEGISLATIVE BRANCH

HOUSE OF REPRESENTATIVES

SPEAKER OF THE HOUSE: ROBERT E. VANASEK

SENATE

PRESIDENT OF THE SENATE: JEROME M. HUGHES

JUDICIAL BRANCH

SUPREME COURT

CHIEF JUSTICE: DOUGLAS K. AMDAHL

FINANCIAL SECTION

General Purpose

Financial Statements



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report

Members of the Legislature

The Honorable Rudy Perpich, Governor

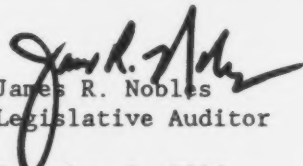
Thomas Triplett, Commissioner, Department of Finance

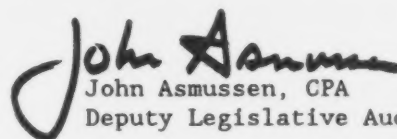
We have audited the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1988, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Minnesota at June 30, 1988, and the results of its operations and changes in financial position of its proprietary and similar trust fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the Table of Contents, which are the responsibility of the state's management, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Minnesota. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

December 1, 1988

**STATE OF MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988
(IN THOUSANDS)**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
ASSETS AND OTHER DEBITS				
Cash and Investments.....	\$ 927,070	\$465,431	\$ 72,076	\$194,830
Accounts Receivable.....	46,422	40,350	435	-
Interfund Receivables.....	50,062	30,747	128	4,435
Accrued Income.....	32,537	473	1,788	466
Federal Aid Receivable.....	-	190,997	152	-
Inventories.....	-	23,307	-	-
Deferred Costs.....	1,718	1,987	932	-
Restricted Assets.....	-	-	-	-
Loans/Notes/Financing Leases Receivable.....	15,934	60,042	20,654	-
Advances to Other Funds.....	2,274	-	-	-
Fixed Assets (Net).....	-	-	-	-
Other Assets.....	-	-	-	-
Amount Available in Debt Service Fund.....	-	-	-	-
Amount to be Provided from General Fund.....	-	-	-	-
Amount to be Provided from Special Revenue Funds.....	-	-	-	-
Total Assets and Amounts to be Provided.....	\$1,076,017	\$813,334	\$ 96,165	\$199,731
LIABILITIES AND EQUITY				
Liabilities:				
Warrants Payable.....	\$ -	\$ -	\$ -	\$ -
Accounts Payable.....	244,184	318,642	36,987	662
Accrued Interest Payable.....	-	-	-	-
Interfund Payables.....	14,088	57,860	23,545	-
Payable to Other Governmental Units.....	-	8,478	-	-
Deferred Revenue.....	48,948	13,232	-	-
Payable from Restricted Assets.....	-	-	-	-
General Obligation Bonds Payable.....	-	-	-	-
Loans Payable.....	-	-	-	-
Installment Purchases Payable.....	-	-	-	-
Claims and Judgments Payable.....	-	-	-	-
Revenue Bonds Payable.....	-	-	-	-
Grants and Subsidies Payable.....	-	-	-	-
Compensated Absences Payable.....	-	-	-	-
Advances from Other Funds.....	-	153	-	-
Capital Leases Payable.....	-	-	-	-
Funds Held in Trust.....	-	-	-	1,751
Pension Liabilities.....	-	-	-	-
Other Liabilities.....	-	-	-	-
Total Liabilities.....	\$ 307,220	\$398,365	\$ 60,532	\$ 2,413
Equity:				
Contributed Capital.....	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets.....	-	-	-	-
Retained Earnings:				
Reserved for Debt Requirements/Claims.....	-	-	-	-
Reserved per Law.....	-	-	-	-
Unreserved Retained Earnings.....	-	-	-	-
Fund Balances:				
Reserved for Encumbrances.....	40,671	71,727	-	-
Reserved for Inventory.....	-	23,307	-	-
Reserved for Long-Term Receivables.....	22,568	59,254	20,134	-
Reserved for Long-Term Commitments.....	-	89,103	16,853	-
Reserved for Local Governments.....	-	-	-	-
Reserved for Endowment Principal.....	-	-	-	-
Reserved for Debt Requirements.....	-	-	-	197,318
Reserved for Employee Benefits.....	-	-	-	-
Budgetary Reserve.....	265,000	-	-	-
Reserved for Other.....	1,718	40,616	932	-
Unreserved Fund Balances:				
Designated for Appropriation Carryover.....	61,706	8,984	5,164	-
Designated for Fund Purposes.....	-	69,098	-	-
Undesignated.....	377,134	52,880	(7,450)	-
Total Equity.....	\$ 768,797	\$414,969	\$ 35,633	\$197,318
Total Liabilities and Equity.....	\$1,076,017	\$813,334	\$ 96,165	\$199,731

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1988
(IN THOUSANDS)

PROPRIETARY FUND TYPES		FIDUCIARY FUND	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TYPES TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	(MEMO- RANDOM ONLY)
\$ 520,483	\$19,221	\$10,805,135	\$ -	\$ -	\$13,004,246
8,438	6,827	87,152	-	-	189,624
230	-	135,245	-	-	220,847
27,479	115	99,879	-	-	162,737
-	-	-	-	-	191,149
11,803	945	-	-	-	36,055
31,014	364	104	-	-	36,119
655,130	-	-	-	-	655,130
1,643,107	454	9,986	-	-	1,750,177
-	400	-	-	-	2,674
74,319	20,731	15,957	1,375,959	-	1,486,966
22	12	25	-	-	59
-	-	-	-	91,405	91,405
-	-	-	-	1,431,910	1,431,910
-	-	-	-	221,414	221,414
<u>\$2,972,025</u>	<u>\$49,069</u>	<u>\$11,153,483</u>	<u>\$1,375,959</u>	<u>\$1,744,729</u>	<u>\$19,480,512</u>
\$ -	\$ -	\$ 157,418	\$ -	\$ -	\$ 157,418
9,269	4,386	39,117	-	-	653,247
-	92	-	-	-	92
552	1,574	123,228	-	-	220,847
-	-	2,861	-	-	11,339
7,313	99	2,738	-	-	72,330
377,880	-	-	-	-	377,880
11,798	-	-	-	1,277,783	1,289,581
-	-	-	-	30,020	30,020
232	9,139	-	-	-	9,371
-	-	-	-	13,135	13,135
1,826,575	17,949	-	-	-	1,844,524
-	-	-	-	300,660	300,660
2,891	1,541	586	-	104,673	109,691
94	1,881	546	-	-	2,674
85	2	-	-	13,726	13,813
128,828	-	346,152	-	-	476,731
-	-	-	-	4,732	4,732
343	3	-	-	-	346
<u>\$2,365,860</u>	<u>\$36,666</u>	<u>\$ 672,646</u>	<u>\$ -</u>	<u>\$1,744,729</u>	<u>\$ 5,588,431</u>
\$ 39,858	\$ 7,645	\$ -	\$ -	\$ -	\$ 47,503
-	-	-	1,375,959	-	1,375,959
38,458	821	-	-	-	39,279
146,457	-	-	-	-	146,457
381,392	3,937	-	-	-	385,329
-	-	4,335	-	-	116,733
-	-	-	-	-	23,307
-	-	35,153	-	-	137,109
-	-	-	-	-	105,956
-	-	309,420	-	-	309,420
-	-	360,569	-	-	360,569
-	-	-	-	-	197,318
-	-	9,530,061	-	-	9,530,061
-	-	-	-	-	265,000
-	-	6,350	-	-	49,616
-	-	-	-	-	75,854
-	-	234,674	-	-	303,772
-	-	275	-	-	422,839
<u>\$ 606,165</u>	<u>\$12,403</u>	<u>\$10,480,837</u>	<u>\$1,375,959</u>	<u>\$ -</u>	<u>\$13,892,081</u>
<u>\$2,972,025</u>	<u>\$49,069</u>	<u>\$11,153,483</u>	<u>\$1,375,959</u>	<u>\$1,744,729</u>	<u>\$19,480,512</u>

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE EXPENDABLE TRUST	TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE		
Net Revenues:						
Individual Income Taxes.....	\$2,626,343	\$ -	\$ -	\$ -	\$ -	\$2,626,343
Corporate Income Taxes.....	412,028	4,618	-	-	-	416,646
Sales Taxes.....	1,681,263	-	-	-	-	1,681,263
Other Taxes.....	686,654	796,915	-	-	406,783	1,890,352
Federal Revenues.....	5,215	1,816,378	33	218	8,439	1,830,283
License Fees.....	17,172	60,645	-	-	-	77,817
Care and Hospitalization.....	102,002	4,666	-	-	-	106,668
Tuition and Student Fees.....	107,234	4,974	-	-	-	112,208
Investment Income.....	54,901	25,994	7,803	14,633	31,091	134,422
Other Revenues.....	50,954	157,069	762	1,407	138,812	349,004
Net Revenues.....	<u>\$5,743,766</u>	<u>\$2,871,259</u>	<u>\$ 8,598</u>	<u>\$ 16,258</u>	<u>\$ 585,125</u>	<u>\$9,225,006</u>
Expenditures:						
Current:						
Protection of Persons and Property...	\$ 43,174	\$ 75,201	\$ 1,867	\$ -	\$ 5	\$ 120,247
Transportation.....	895	252,646	7	-	2,159	255,707
Resource Management.....	64,686	80,812	10,971	-	286	156,755
Economic and Manpower Development....	50,544	107,190	1,751	-	1,492	160,977
Education.....	338,547	27,271	9,344	-	2,609	377,771
Health and Social Services.....	320,524	79,189	-	-	336	400,049
General Government.....	139,545	26,515	14,061	-	111,474	291,595
Total Current Expenditures.....	<u>\$ 957,915</u>	<u>\$ 648,824</u>	<u>\$ 38,001</u>	<u>\$ -</u>	<u>\$ 118,361</u>	<u>\$1,763,101</u>
Capital Outlay.....	27,906	418,943	29,388	-	-	476,237
Debt Service.....	5,114	-	-	170,588	-	175,702
Grants and Subsidies.....	4,231,616	1,580,645	84,646	-	614,910	6,511,817
Total Expenditures.....	<u>\$5,222,551</u>	<u>\$2,648,412</u>	<u>\$ 152,035</u>	<u>\$ 170,588</u>	<u>\$ 733,271</u>	<u>\$8,926,857</u>
Excess of Revenues Over (Under)						
Expenditures.....	<u>\$ 521,215</u>	<u>\$ 222,847</u>	<u>\$ (143,437)</u>	<u>\$ (154,330)</u>	<u>\$ (148,146)</u>	<u>\$ 298,149</u>
Other Financing Sources (Uses):						
General Obligation Bonds.....	\$ -	\$ 10,500	\$ 200,055	\$ -	\$ -	\$ 210,555
Proceeds of Refunding Bonds.....	-	-	-	182,500	-	182,500
Operating Transfers-In.....	12,969	457,363	-	163,772	275,395	909,499
Operating Transfers to Debt Service....	(134,269)	(21,871)	(7,632)	-	-	(163,772)
Other Operating Transfers-Out.....	(79,383)	(654,998)	(8)	-	(550)	(734,939)
Payment to Refunded Bond Escrow Agent..	-	-	-	(180,595)	-	(180,595)
Capital Leases.....	10,028	2,251	212	-	-	12,491
Other Sources (Uses).....	(4,624)	19,801	(811)	-	-	14,366
Net Other Financing Sources (Uses)...	<u>\$ (195,279)</u>	<u>\$ (186,954)</u>	<u>\$ 191,816</u>	<u>\$ 165,677</u>	<u>\$ 274,845</u>	<u>\$ 250,105</u>
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	<u>\$ 325,936</u>	<u>\$ 35,893</u>	<u>\$ 48,379</u>	<u>\$ 11,347</u>	<u>\$ 126,699</u>	<u>\$ 548,254</u>
Fund Balances, July 1, 1987, as Reported.	\$ 441,584	\$ 374,758	\$ (8,029)	\$ 181,209	\$ 475,642	\$1,465,164
Prior Period Adjustments.....	-	-	-	-	4,306	4,306
Fund Balances, July 1, 1987, as Restated.	\$ 441,584	\$ 374,758	\$ (8,029)	\$ 181,209	\$ 479,948	\$1,469,470
Residual Equity Transfers-In.....	1,882	14,399	-	4,762	-	21,043
Residual Equity Transfers-Out.....	(605)	(2,671)	(4,717)	-	-	(7,993)
Change in Inventory.....	-	(7,410)	-	-	-	(7,410)
Fund Balances, June 30, 1988.....	<u>\$ 768,797</u>	<u>\$ 414,969</u>	<u>\$ 35,633</u>	<u>\$ 197,318</u>	<u>\$ 606,647</u>	<u>\$2,023,364</u>

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND AND APPROPRIATED SPECIAL REVENUE FUNDS
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Individual Income Taxes.....	\$2,443,300	\$2,625,287	\$181,987	\$ -	\$ -	\$ -
Corporate Income Taxes.....	436,470	410,994	(25,476)	4,618	4,618	-
Sales Taxes.....	1,638,517	1,678,538	40,021	-	-	-
Motor Vehicle License Taxes.....	-	273	273	238,778	251,220	12,442
Fuel Taxes.....	-	-	-	362,512	387,504	24,992
Other Taxes.....	706,911	690,726	(16,185)	45,803	45,852	49
Federal Revenues.....	1,062	5,202	4,140	352,333	323,189	(29,144)
Other Intergovernmental Revenues.....	64,905	68,612	3,707	-	-	-
License Fees.....	17,908	17,177	(731)	45,899	45,227	(672)
Care and Hospitalization.....	158,818	158,032	(786)	4,750	4,663	(87)
Tuition and Student Fees.....	112,043	106,850	(5,193)	-	-	-
Investment Income.....	54,000	54,467	467	10,820	14,870	4,050
Other Revenues.....	34,358	69,066	34,708	50,056	75,631	25,575
Net Revenues.....	\$5,668,292	\$5,885,224	\$216,932	\$1,115,569	\$1,152,774	\$ 37,205
Expenditures:						
Protection of Persons and Property.....	\$ 53,972	\$ 52,530	\$ 1,442	\$ 62,964	\$ 60,548	\$ 2,416
Transportation.....	19,826	19,946	(120)	796,960	721,683	75,277
Resource Management.....	76,972	75,441	1,531	75,890	71,720	4,170
Economic and Manpower Development.....	97,705	96,529	1,176	2,236	2,083	153
Education.....	2,860,637	2,835,491	25,146	3,850	3,852	(2)
Health and Social Services.....	1,246,306	1,235,670	10,636	26,632	21,559	5,073
General Government.....	1,026,099	1,011,134	14,965	18,907	13,060	5,847
Total Expenditures.....	\$5,381,517	\$5,326,741	\$ 54,776	\$ 987,439	\$ 894,505	\$ 92,934
Excess of Revenues Over Expenditures.....	\$ 286,775	\$ 558,483	\$271,708	\$ 128,130	\$ 258,269	\$130,139
Other Sources (Uses):						
Operating Transfers-In.....	\$ 13,034	\$ 15,015	\$ 1,981	\$ 388,840	\$ 418,017	\$ 29,177
Operating Transfers to Debt Service.....	(135,393)	(134,409)	984	(11,089)	(11,327)	(238)
Other Operating Transfers-Out.....	(80,045)	(83,642)	(3,597)	(609,171)	(655,900)	(46,729)
Loan Proceeds.....	-	-	-	64,000	6,024	(57,976)
Net Other Sources (Uses).....	\$ (202,404)	\$ (203,036)	\$ (632)	\$ (167,420)	\$ (243,186)	\$ (75,766)
Excess of Revenues Over (Under)						
Expenditures and Net Other Sources (Uses)	\$ 84,371	\$ 355,447	\$271,076	\$ (39,290)	\$ 15,083	\$ 54,373
Fund Balances, July 1, 1987.....	477,485	477,485	-	105,337	105,337	-
Prior Year Adjustments.....	12,000	16,803	4,803	5,353	4,436	(917)
Fund Balances, June 30, 1988.....	\$ 573,856	\$ 849,735	\$275,879	\$ 71,400	\$ 124,856	\$ 53,456
Less Appropriation Carryover.....	-	66,889	(66,889)	9,844	10,009	(165)
Less Budgetary Reserve.....	265,000	265,000	-	-	-	-
Undesignated Fund Balances,						
June 30, 1988.....	\$ 308,856	\$ 517,846	\$208,990	\$ 61,556	\$ 114,847	\$ 53,291

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST FUND PERMANENT SCHOOL	
Operating Revenues:					
Net Sales.....	\$ 29,281	\$16,009	\$ -	\$ 4,511	\$ 49,801
Contributions.....	-	-	504,958	-	504,958
Interest Income.....	127,064	-	-	-	127,064
Investment Income.....	43,876	-	705,359	31,805	781,040
Rental and Service Fees.....	54,086	42,317	-	-	96,403
Realized and Unrealized Gains (Losses).....	-	-	(169,043)	1,926	(167,117)
Other Income.....	1,446	1,250	6,778	-	9,474
Total Operating Revenues.....	\$255,753	\$59,576	\$1,048,052	\$ 38,242	\$ 1,401,623
Less Cost of Goods Sold.....	20,250	13,202	-	-	33,452
Gross Margin.....	\$235,503	\$46,374	\$1,048,052	\$ 38,242	\$ 1,368,171
Operating Expenses:					
Annuity Payments.....	\$ -	\$ -	\$ 388,316	\$ -	\$ 388,316
Refunded Contributions.....	-	-	28,216	-	28,216
Interest and Financing Costs.....	161,875	1,745	1,764	-	165,384
Purchased Services.....	29,290	11,536	2,192	-	43,018
Investment Management Fees.....	-	-	8,096	-	8,096
Salaries and Fringe Benefits.....	35,146	16,180	4,821	-	56,147
Depreciation.....	4,692	4,369	198	-	9,259
Amortization.....	3,792	1,845	-	-	5,637
Supplies and Materials.....	4,097	2,298	117	-	6,512
Indirect Costs.....	789	1,523	151	-	2,463
Other Expenses.....	5,279	626	421	-	6,326
Total Operating Expenses.....	\$244,960	\$40,122	\$ 434,292	\$ -	\$ 719,374
Operating Income (Loss).....	\$ (9,457)	\$ 6,252	\$ 613,760	\$ 38,242	\$ 648,797
Nonoperating Revenues (Expenses):					
Investment Income.....	\$ 36,157	\$ 1,279	\$ -	\$ -	\$ 37,436
Participant Contributions.....	-	-	32,540	-	32,540
Federal Grants & Subsidies.....	60,432	-	-	-	60,432
Other Nonoperating Revenues.....	5,512	48	-	-	5,560
Participant Withdrawals.....	-	-	(35,009)	-	(35,009)
Grants, Aids and Subsidies.....	(80,479)	-	-	-	(80,479)
Other Nonoperating Expenses.....	(1,060)	(1)	-	-	(1,061)
Gain (Loss) on Sale of Fixed Assets.....	(62)	3	-	-	(59)
Gain (Loss) on Revenue Bond Refunding.....	(332)	-	-	-	(332)
Net Nonoperating Revenues.....	\$ 20,168	\$ 1,329	\$ (2,469)	\$ -	\$ 19,028
Income Before Operating Transfers.....	\$ 10,711	\$ 7,581	\$ 611,291	\$ 38,242	\$ 667,825
Operating Transfers-In.....	34,605	7	4,904	-	39,516
Operating Transfers-Out.....	(14,860)	(2,214)	(284)	(32,946)	(50,304)
Net Income.....	\$ 30,456	\$ 5,374	\$ 615,911	\$ 5,296	\$ 657,037
Depreciation on Fixed Assets Acquired with Contributed Capital.....	371	2	-	-	373
Increase in Retained Earnings/Fund Balances...	\$ 30,827	\$ 5,376	\$ 615,911	\$ 5,296	\$ 657,410
Retained Earnings/Fund Balances, July 1, 1987, as Reported.....	\$548,708	\$ (618)	\$9,000,376	\$355,273	\$ 9,903,739
Changes in Reporting Entity.....	-	-	20,555	-	20,555
Retained Earnings/Fund Balances, July 1, 1987, as Restated.....	\$548,708	\$ (618)	\$9,020,931	\$355,273	\$ 9,924,294
Residual Equity Transfers-Out.....	(13,228)	-	-	-	(13,228)
Retained Earnings/Fund Balances, June 30, 1988.....	\$566,307	\$ 4,758	\$9,636,842	\$360,569	\$10,568,476

The notes are an integral part of the financial statements.

STATE OF MINNESOTA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMO- RANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	NONEXPENDABLE TRUST FUND PERMANENT SCHOOL	
Cash Provided:					
From Operations:					
Net Income.....	\$ 30,456	\$ 5,374	\$ 615,911	\$ 5,296	\$ 657,037
Items Added to (Deducted from) Net Income:					
Decrease (Increase) in Current Assets:					
Accounts Receivable.....	\$ 97	\$ (1,521)	\$ (2,166)	\$ (43)	\$ (3,633)
Interfund Receivables.....	(223)	254	(82,046)	(23)	(82,038)
Accrued Income.....	1,870	(46)	(20,743)	(57)	(18,976)
Inventories.....	(277)	(171)	-	-	(448)
Other Current Assets.....	(181)	(28)	(5)	-	(214)
Increase (Decrease) in Current Liabilities:					
Accounts Payable.....	5,056	(240)	(4,918)	7	(95)
Accrued Interest Payable.....	(865)	9	-	-	(856)
Interfund Payables.....	431	(441)	81,747	1,071	82,808
Deferred Revenue.....	316	15	(12)	-	319
Other Current Liabilities.....	3,371	99	53	-	3,523
Depreciation.....	4,692	4,488	198	-	9,378
Amortization.....	3,792	1,845	-	-	5,637
Losses (Gains) on Fixed Asset Sales.....	62	(3)	-	-	59
Changes in Other Assets/Liabilities.....	13,798	59	10	-	13,867
Total Items Added (Deducted).....	\$ 31,939	\$ 4,319	\$ (27,882)	\$ 955	\$ 9,331
Total Cash Provided from Operations.....	\$ 62,395	\$ 9,693	\$ 588,029	\$ 6,251	\$ 666,368
Other Cash Provided:					
Proceeds from Sale of Bonds.....	\$ 193,909	\$13,177	\$ -	\$ -	\$ 207,086
Proceeds from Sale of Real Estate Inventory.....	7,830	-	-	-	7,830
Reduction of Loans and Financing Leases Receivable..	175,871	205	-	-	176,076
Increase in Capital Leases Payable.....	29	-	-	-	29
Increase in Installment Purchases Payable.....	235	8,551	-	-	8,786
Capital Contributions.....	54	147	-	-	201
Proceeds from Sales of Fixed Assets.....	190	1,977	4	2	2,173
Other Cash Provided.....	105	3,102	-	-	3,207
Total Other Cash Provided.....	\$ 378,223	\$27,159	\$ 4	\$ 2	\$ 405,388
Total Cash Provided.....	\$ 440,618	\$36,852	\$ 588,033	\$ 6,253	\$ 1,071,756
Cash Applied:					
Loans Issued.....	\$ 279,341	\$ -	\$ -	\$ -	\$ 279,341
Investments in Fixed Assets.....	3,852	16,263	125	-	20,240
Investments in Leasehold Improvements.....	-	69	-	-	69
Investments in Real Estate Inventory.....	7,843	-	-	-	7,843
Advances to Other Funds.....	-	400	-	-	400
Deferred Costs.....	3,951	140	-	-	4,091
Reduction of Indebtedness.....	156,466	11,614	-	-	168,080
Reduction of Capital Leases Payable.....	31	1,698	-	-	1,729
Reduction of Installment Purchases Payable.....	32	585	-	-	617
Residual Equity Transfers-Out.....	13,228	-	-	-	13,228
Other Cash Applied.....	2,933	122	-	-	3,055
Total Cash Applied.....	\$ 467,677	\$30,891	\$ 125	\$ -	\$ 498,693
Net Increase (Decrease) in Cash and Investments.....	\$ (27,059)	\$ 5,961	\$ 587,908	\$ 6,253	\$ 573,063
Cash and Investments, July 1, 1987, as Reported.....	\$1,201,583	\$13,260	\$8,896,954	\$350,000	\$10,461,797
Changes in Reporting Entity.....	-	-	20,555	-	20,555
Cash and Investments, July 1, 1987, as Restated.....	\$1,201,583	\$13,260	\$8,917,509	\$350,000	\$10,482,352
Cash and Investments, June 30, 1988.....	\$1,174,524	\$19,221	\$9,505,417	\$356,253	\$11,055,415

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1988

These notes provide disclosures relevant to the combined financial statements on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation

The reporting policies of the state of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The criteria used to determine the state's reporting entity were degrees of financial interdependence, fiscal accountability, administrative control, and scope of public service. All governmental units not meeting those criteria, and therefore considered to be autonomous from the state, have been excluded from this report.

Although partially supported by state appropriations, the University of Minnesota has not been included in the reporting entity. The high degree of autonomy of the University was of primary importance in deciding upon its exclusion. This autonomy is attributed to the independence of its governing board, the Board of Regents, which controls the administration and operation of the University. The Board of Regents' authority for overall budget approval and responsibility for funding of deficits or use of surpluses were also significant in determining the University's exclusion. The University is the only significant exclusion from the state's reporting entity.

However, the state universities and community colleges are an integral part of the state's operations. Their primary operations are accounted for on the Statewide Accounting System and they are subject to the same controls as all other state agencies. The results of operations and the financial position for the colleges and universities therefore do not appear as discrete presentations (component units) in these financial statements but are reported along with the activities of all state agencies in the appropriate funds or fund types.

The organizations below, which are included in this report, also prepare and publish their own financial reports which may contain differences in presentation resulting from differing reporting emphasis:

Minnesota Housing Finance Agency
Higher Education Facilities Authority
State University Board (revenue fund)
Higher Education Coordinating Board (student loan fund)
Minnesota Zoological Garden
Public Employees Retirement Association
Teachers Retirement Association
Minnesota State Retirement System
State Board of Investment (investment trust funds)

Copies of their reports may be obtained directly from the organizations.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified according to GAAP as follows.

Governmental Funds

These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category. Included in this classification are the General Fund, which accounts for all financial resources except those required to be accounted for in another fund, and special revenue, capital projects and debt service (accounts for the accumulation of resources for, and the payment of most general obligation long-term debt principal and interest) fund types.

Proprietary Funds

These funds account for all assets, liabilities and equities, and match revenues and expenses to determine net income and capital maintenance. The fund types included in this category are the enterprise and internal service fund types.

Fiduciary Funds

These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Included in this fund category are expendable and nonexpendable trust, pension trust and agency fund types. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary funds (pension trust and nonexpendable trust funds). Agency funds are custodial in nature; thus they do not measure results of operations.

Account Groups

Account groups provide the means to account for the fixed assets acquired, and the general obligation long-term indebtedness, for all governmental fund types.

Basis of Accounting

All proprietary, pension trust and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized as they are incurred. All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. Available means collectible by the September close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenues, to which the state does not yet have legal entitlement, are reported as deferred revenue until the related commitment arises, at which time revenue is recognized.

Expenditures and Related Liabilities: expenditures and payables are recognized when fund obligations are incurred as a result of the receipt of goods and services. Grant expenditures are discussed separately.

Encumbrance Accounting: Encumbrance accounting is used for budgetary control and reporting purposes only. In the financial statements encumbrances are recorded in the balance sheet as a reservation of fund balance for subsequent year expenditures, except for those long-term commitments which rely significantly on future resources as discussed in Note 12.

Grants and Subsidies Expenditures and Liabilities Recognition

Grants and subsidies are contributions of cash or other assets by the state to other governmental units, individuals or to nongovernmental organizations. The GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for grant payments. It is therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement or reimbursement basis. Reimbursements can be for specific services provided to specific eligible recipients or such reimbursements can be for eligible types of expenditures. Grants paid on a reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of specific services to eligible recipients or makes eligible types of expenditures. Entitlement type grants may be based on services provided by the grantee which the grant is meant to help fund, but not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on services provided or actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Compensated Absences

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Such leave is liquidated in cash only at the time of termination from state employment. For governmental funds, the liability for compensated absences is reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a fund liability.

Investments

Investments are reported at market value for the investment trust funds, defined contribution funds and the Deferred Compensation Fund (all fiduciary funds). All other funds report equity securities at cost and debt securities at amortized cost (see Note 2).

Inventories

Inventories for governmental funds are recorded as expenditures when purchased. Inventories for all other funds are expensed when consumed. Inventories maintained by the various funds are determined by annual and periodic physical counts. Most special revenue funds' inventories are valued using the weighted-average cost and specific cost methods. However, Nonappropriated Miscellaneous Special Revenue Fund inventories consist of repossessed farm lands, held for resale, and are valued at market. Enterprise funds' inventories are valued using first-in first-out, average cost and specific cost methods. Internal service funds' inventories are valued using the first-in first-out method.

Property, Plant and Equipment

General Fixed Assets - General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. An inventory of land and buildings for general fixed assets was completed in 1985. Historical cost records for older fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest during construction capitalized.

Proprietary and Fiduciary Fund Types - Fixed assets are stated at cost or, for donated assets, at fair market value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

General Long-Term Liabilities

All unmatured long-term indebtedness not reported in a proprietary or fiduciary fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the noncurrent portions of liabilities resulting from debt issuances, compensated absences, claims, judgments, some unfunded pension liabilities (see Note 21) and others.

Post-Retirement Benefits

For a limited number of employees, post-retirement benefits are available upon retirement at age 55. The employees involved are conservation officers, guards at correctional facilities, and highway patrol officers. If these employees elect retirement at age 55, the state is required to pay the employer share of health insurance benefits until age 65. The cost of these benefits is recognized as paid and totalled \$376,000 for the year ended June 30, 1988.

Risk Management

The state is self-insured for most losses. Insurance coverage is prohibited by statute except for college and university property, farms repossessed under the Family Farm Security Loan Program, and workers' compensation coverage for military affairs. The state has established the Risk Management Fund (an internal service fund) to provide for casualty claims, primarily automobile liabilities, for state agencies. For catastrophic workers' compensation claims the state is a member of the Workers' Compensation Reinsurance Association (WCRA) which pays for compensation claims in excess of the retention amount which was \$370,000 in fiscal year 1988.

Budgeting and Budgetary Control

Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of the odd-numbered years. Appropriations in the biennial budget, however, are usually for a single year. The Governor's budget for the biennium is developed by the Department of Finance and presented to the legislature for approval. Specific appropriations are required for all expenditures from the General Fund and all Special Revenue Funds except the Federal, Maximum Effort School Loan, Special Workers Compensation, Iron Range Resources and Rehabilitation and Nonappropriated Miscellaneous Special Revenue Funds. Some General Fund appropriations are "open appropriations" for entitlement type programs. In these cases, whatever amount is needed to fulfill the entitlement for the fiscal year is made available; i.e., there is no limit on the amount which can be expended for the program. Estimates of the amount needed for such programs are included in the budget forecast.

All expenditures in these appropriated funds are made pursuant to the appropriations in the biennial budget, as amended by subsequent legislative appropriation actions. A \$6 million deficiency appropriation from the General Fund was required for special education grants to school districts. Budgetary control is essentially maintained at the departmental level except for certain grant programs where control is at the program level. In most departments, upon notification of the Governor and legislative leadership, department heads are permitted to make budget revisions reflecting transfers between programs in their departments.

For most appropriations, unencumbered balances at fiscal year end cancel; for specified others, such balances may carry forward to the subsequent year. The budget and the Statewide Accounting System (SWAS) are maintained essentially on a cash basis with the exception that at year end, encumbered amounts are included in the expenditures of the year appropriated, for budgetary reporting. The SWAS controls expenditures by appropriation line item as established in the legally adopted appropriation bills. A separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

Eliminations

We have incorporated eliminations into the report to exclude the significant double counting of assets and related income caused by the participation of certain fiduciary funds in the investment trust funds (also fiduciary funds). Defined benefit pension and defined contribution funds (pension trust funds) and the Deferred Compensation Fund (an agency fund) invest part of their assets through the investment trust funds (also classified as pension trust funds).

"Memorandum Only" Totals Column

The totals columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or changes in financial position.

2. CASH AND INVESTMENTS

Deposits

Cash in most funds is held in the state treasury and is commingled in state bank accounts. The cash in individual funds may be invested separately, where permitted by statute. However, cash in most funds is invested as a part of an investment pool. Investment earnings of the pools are allocated to the individual funds where provided by statute; earnings for all other funds are credited to the General Fund. Funds without the authority to be invested separately are part of the "Invested Treasurer's Cash" (ITC). The ITC is available to relieve cash deficiencies in the General Fund, to the extent allowable under Minnesota Statutes, Section 16A.671. The following table summarizes the state's cash included in cash and investments and restricted assets (see Note 7). The deposit with the U.S. Treasury is held for the Unemployment Compensation Fund (an expendable trust fund).

	Carrying Amount
Cash in Bank	\$ 72,400,982
Cash with U.S. Treasury	178,105,039
Cash on Hand and Imprest Cash	<u>3,056,465</u>
Total Cash	\$253,562,486

At June 30, 1988 the bank balance, for cash in bank, was \$70,245,120. Of the bank balance, \$58,446,146 was covered by federal depository insurance or by collateral held by the state's agent in the state's name (lowest risk category); \$11,798,974 was uninsured and uncollateralized (highest risk category). The uninsured amount was in the Minnesota Higher Education Coordinating Board (MHECB) Student Loan Fund. This was a short-term situation occurring only at the end of the fiscal year. MHECB was in the process of acquiring specific securities needed for defeasing \$232 million par value revenue bonds on July 13, 1988 (see Note 29).

Minnesota Statutes, Section 9.031, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. These statutes further require that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90% of the sum of the insured amount and the market value of the collateral. The MHECB accounts, referred to above, fell short of the legal requirements by \$13,588,370 on June 30, 1988.

Investments

Nearly all of the state's investing is managed by the Minnesota State Board of Investment (MSBI). Minnesota Statutes, Section 11A.24 broadly restricts investments to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations; short term obligations of specified high quality; restricted participation as a limited partner in venture capital, real estate or resource equity investments; and, restricted participation in registered mutual funds. An additional restriction for certain funds is that investments are limited to fixed income securities; this restriction applies to all funds except for Permanent School Fund (a non-expendable trust fund) and defined benefit pension funds and investment trust funds (both are pension trust funds).

Funds not invested by MSBI are primarily enterprise type funds. Investments for these funds must also conform to Minnesota Statutes Section 11A.24 and may be further restricted by bond indentures.

The carrying amount, market value and risk category of the state's investments, as of June 30, 1988, are provided below.

Investments at June 30, 1988 (in thousands)				
Investment Type	Risk Category		Carrying Amount	Market Value
	1	3		
Repurchase Agreements	\$ 475,666	\$111,785	\$ 587,451	\$ 587,451
Other S-T Obligations	1,972,069	-	1,972,069	1,972,069
U.S. and Other Government Obligations	5,124,190	-	5,124,190	5,108,441
Corporate Obligations	1,485,596	-	1,485,596	1,473,300
Corporate Stocks	3,302,742	-	3,302,742	3,782,021
Other Equity	595,058	-	595,058	660,860
Other	<u>21,511</u>	<u>-</u>	<u>21,511</u>	<u>21,511</u>
	\$12,976,832	\$111,785	\$13,088,617	\$13,605,653
Trustee Managed Investment Pools			<u>314,356</u>	<u>314,356</u>
Total Investments			\$13,402,973	\$13,920,009

Risk category 1 includes investments that are insured or registered, or for which the securities are held by the state or its agent in the state's name. The state has no investments in risk category 2 which otherwise would include uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the state's name. Risk category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the state's name. The state's investment risk (for repurchase agreements) is reduced by an MSBI policy that limits transactions to those with primary government securities dealers and, in cases where collateral is held by the dealer (risk category 3), only primary dealers whose net excess capital is greater than \$200 million.

The repurchase agreements which are carried at cost are secured by securities which conform to the restrictions of Minnesota Statutes, Section 11A.24 (discussed above) and having a market value at least equal to the repurchase agreements' principal. Collateral for repurchase agreements in risk category 3 are held and owned by the broker/dealer until final settlement; collateral repurchase agreements in risk category 1 are held by an agent of the state in the state's name. Other short-term investments are also carried at cost.

During the year, in periods of increased cash flow needs, investment in overnight repurchase agreements, for which the underlying securities were held by the dealer, is significantly greater than at year end. As a result, the amounts that were in category 3 at those times were significantly higher than at year end.

3. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables, including the current portion of advances to/from other funds, at June 30, 1988, are summarized as follows (in thousands):

	Receivables	Payables		Receivables	Payables
General Fund	\$50,062	\$ 14,088	Fiduciary Funds:		
Special Revenue Funds:			Pension Trust Funds:		
Trunk Highway	5,625	916	Defined Benefit Pension Funds:		
Highway User Tax Distribution	4,407	13,140	Public Employees Retirement	247	89,167
Other Transportation	399	-	Police and Fire	18	6,082
Federal	5,734	9,702	Police and Fire Consolidation	-	854
Environmental	2,269	31	Teachers Retirement	460	2,680
Natural Resources	3,510	81	State Employees Retirement	291	3,850
Maximum Effort School Loan	-	431	State Patrol Retirement	-	240
Iron Range Resources and Rehab.	290	-	Correctional Employees Retire.	269	136
Miscellaneous Special Revenue:			Judicial Retirement	456	494
Appropriated	1,831	3,027	Elective State Officers	280	1
Nonappropriated	6,682	30,532	Legislative Retirement	3,392	31
Capital Projects Funds:			Defined Contribution Fund:		
Building	128	23,545	Unclassified Employees	-	13
Debt Service Fund	4,435	-	College Supplemental	-	129
Enterprise Funds:			Investment Trust Funds:		
State University Board Revenue	5	-	Mn Post Retirement	102,999	334
Mn Correctional Industries	-	150	Mn Variable Annuity	-	331
Chemical Dependency Treatment	-	363	Nonexpendable Trust Fund:		
College and University	-	5	Permanent School Fund	23	18,546
Mn Zoological Garden	225	-	Expendable Trust Funds:		
Enterprise Activities	-	34	Municipal State-Aid Street	2,815	-
Internal Service Funds:			County State-Aid Highway	6,695	-
State Printer	-	33	Endowment School	16,000	-
Central Motor Pool	-	956	Agency Funds:		
Telecommunications	-	573	Social Welfare	38	-
Central Services	-	12	Deferred Compensation	-	15
			Taxes Clearing	-	60
			Miscellaneous Agency	1,262	265
Total All Funds				\$220,847	\$220,847

The noncurrent portion of advances to/from other funds, at June 30, 1988, are summarized as follows (in thousands):

	Advances To Other Funds	Advances From Other Funds
General Fund	\$2,274	\$ -
Special Revenue Funds:		
Miscellaneous Special Revenue		
Nonappropriated	-	153
Enterprise Funds:		
Enterprise Activities	-	94
Internal Service Funds		
Plant Management	400	-
State Printer	-	477
Central Motor Pool	-	83
Telecommunications	-	1,308
Central Services	-	13
Fiduciary Funds:		
Expendable Trust Funds:		
Insurance	-	546
Total All Funds	\$2,674	\$2,674

4. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes, and financing leases receivable, net of allowances for possible loan losses, as of June 30, 1988, consisted of the following (in thousands):

	Fund Types					
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary
Minnesota Housing Finance Agency Loans	\$ -	\$ -	\$ -	\$1,364,302	\$ -	\$ -
Guaranteed Student Loans	-	-	-	110,504	-	-
Other Student Loans	-	-	-	71,254	-	-
Higher Education Facilities Authority Loans	-	-	-	34,938	-	-
Economic Development Loans	-	-	-	22,666	-	-
Maximum Effort School Loans	-	31,142	-	-	-	-
School Energy Loans	-	-	14,454	-	-	-
Family Farm Loans	10,549	-	-	-	-	-
N.E. Minnesota Economic Protection Loans	-	-	-	-	-	9,670
Financing Leases Receivable	-	-	-	39,442	454	-
Other	5,385	28,900	6,200	1	-	316
Loans, Notes and Financing Leases Receivable	\$15,934	\$60,042	\$20,654	\$1,643,107	\$454	\$9,986

5. FIXED ASSETS

A summary of changes in general fixed assets follows (in thousands):

	Balances July 1, 1987	Additions	Deductions/ Net Transfers	Adjustments	Balances June 30, 1988
Land	\$ 176,979	\$ 8,481	\$ 19	\$ -	\$ 185,441
Buildings	707,299	-	(47,516)	1,629	756,444
Equipment	309,027	65,982	14,229	(19,434)	341,346
Construction in Progress	104,603	36,489	48,358	(6)	92,728
Total	\$1,297,908	\$110,952	\$ 15,090	\$ (17,811)	\$1,375,959

Deductions and net transfers of \$47,516,000 in building costs include the following: construction in progress of \$48,358,000 completed in fiscal year 1988 and therefore transferred to buildings and fiscal year 1988 deductions of \$842,000. Adjustments represent corrections to prior year balances and a change in the capitalization policy for equipment. Under the new capitalization policy, the cut off for capitalizing equipment was increased from \$300 to \$500. This represented a \$19,434,000 decrease to equipment. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions.

General fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1988, consisted of equipment costing \$17,861,028.

In addition to the capital outlay expenditures of \$109,635,000 incurred during fiscal year 1988 and included in the general fixed assets account group, donations valued at \$1,317,000 were received. Additionally, capital outlays totaling \$366,602,000 were made by governmental funds for infrastructure fixed assets which are not included in general fixed assets.

Scheduled below are the authorizations and commitments (in thousands) of the largest construction-in-progress projects as of June 30, 1988. Unexpended commitments are reserved in the fund balances for either encumbrances or long-term commitments.

Project	Authorization (Year-Chapter)	Project Authorization	Expended Through June 30, 1988	Unexpended Commitment June 30, 1988	Available Authorization
Judicial Office Building	(1983 - 344)	\$35,100	\$ 6,355	\$24,621	\$4,124
State Office Building	(1983 - 344)	20,044	19,712	234	98
St. Cloud State University Oly Hock	(1987 - 400)	9,421	312	220	8,889
Bemidji State University Recreation Facility	(1987 - 400)	7,404	136	6,778	490
Winona State University Somsen Hall	(1984 - 597)	6,160	6,041	51	68
State Historical Center	(1985 SS015)	5,796	5,262	327	207
Normandale Community College Classroom	(1987 - 400)	4,930	22	254	4,654
Mankato State University Classroom	(1984 - 597)	4,458	4,205	249	4
Minneapolis Community College Arts Bldg.	(1984 - 597)	4,396	3,662	549	185
Northland Community College Arts and Rec.	(1987 - 400)	3,610	8	177	3,425

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1988 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	\$ 1,221	\$ -	\$15,449	\$ 16,670
Buildings	106,278	-	-	106,278
Land and Building Improvements	15,443	875	-	16,318
Equipment	16,284	38,886	1,681	56,851
Total	\$139,226	\$39,761	\$17,130	\$196,117
Less Accumulated Depreciation	64,907	19,030	1,173	85,110
Net Total	\$ 74,319	\$20,731	\$15,957	\$111,007

Proprietary fund type fixed assets include equipment totaling \$144,956 purchased under capital lease agreements (see Note 9). Accumulated amortization for these capital lease fixed assets was \$49,292; the fiscal year 1988 amortization was \$22,969.

Land in the Permanent School Fund (a nonexpendable trust fund) totaling 2,516,488 acres was donated by the federal government and is valued at the estimated fair market value at the time of donation.

6. DEFERRED COSTS

The composition of the deferred costs is scheduled below (in thousands):

	Enterprise Fund		
	Housing Finance		
	Agency Program	Other	Total
Bond Issuance	\$27,498	\$ 332	\$27,830
Debt Extinguishment	640	-	640
Prepaid Expenses	2,146	5,503	7,649
Total	\$30,284	\$5,835	\$36,119

7. RESTRICTED ASSETS AND LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Mandatory asset segregations are presented in various enterprise funds as restricted assets. Such segregations are required by bond covenants and other external restrictions. Current liabilities to be paid from these assets are classified as payable from restricted assets. Additional related current liabilities will be paid from unrestricted current assets. The excess of restricted assets over liabilities payable from restricted assets will be used first for long-term bonds payable. The remainder, if any, is added to a reservation of retained earnings. Details of these restricted assets and related liabilities follow.

Restricted Assets and Related Liabilities

Restricted Assets:	
Cash and Investments	\$652,290,043
Accrued investment income	611,967
Loans Receivable	477,237
Deposits with Debt Service Fund	1,750,984
Total Restricted Assets	<u>\$655,130,231</u>
Liabilities Payable from Restricted Assets:	
Current:	
Accounts Payable	\$ 2,015,792
Revenue Bonds Payable	299,961,727
Revenue Bonds Interest Payable	74,940,764
General Obligation Bonds Payable	620,000
General Obligation Bonds Interest Payable	223,244
Other	117,995
Total Current Liabilities	<u>\$377,879,522</u>
Revenue Bonds Payable	<u>265,924,995</u>
Total Liabilities Payable from Restricted Assets	<u>\$643,804,517</u>
Restricted Fund Equities:	
Reserved per Debt Requirement	<u>\$ 11,325,714</u>
Total Liabilities Payable from Restricted Assets and Reserved Fund Equities	<u>\$655,130,231</u>

8. GENERAL LONG-TERM OBLIGATIONS

A summary of general long-term obligations at June 30, 1988, and the changes during fiscal year 1988 is as follows (in thousands):

	July 1, 1987			June 30, 1988
	Balances	Increases	Decreases	Balances
<u>Liabilities For:</u>				
General Obligation Bonds	\$1,137,560	\$393,000	\$252,777	\$1,277,783
Loans	9,899	20,515	394	30,020
Claims and Judgments	18,629	3,389	8,883	13,135
Grants and Subsidies	286,766	300,660	286,766	300,660
Compensated Absences	94,567	10,106	0	104,673
Capital Leases	1,635	12,491	400	13,726
Pension Liabilities	4,581	151	0	4,732
Totals	<u>\$1,553,637</u>	<u>\$740,312</u>	<u>\$549,220</u>	<u>\$1,744,729</u>

Included in general obligation bonds payable at June 30, 1988, is \$71,596 of revenue bonds payable for general fixed assets purchased through the master lease program (see Note 11).

The resources to repay the various general long-term obligations have been or will be provided from the fund types as shown on the following schedule (in thousands).

	General Fund	Special Revenue Funds	Total
<u>Liabilities For:</u>			
General Obligation Bonds	\$1,123,705	\$154,078	\$1,277,783
Loans	0	30,020	30,020
Claims and Judgments	13,135	0	13,135
Grants and Subsidies	300,660	0	300,660
Compensated Absences	57,598	47,075	104,673
Capital Leases	11,400	2,326	13,726
Pension Liabilities	4,732	0	4,732
Totals	<u>\$1,511,230</u>	<u>\$233,499</u>	<u>\$1,744,729</u>

Principal and interest payment schedules are provided in the following table (in thousands) for general obligation bonds, loans and capital leases. The liability for grants and subsidies will be liquidated in October, 1988, or shortly thereafter. There are no payment schedules for claims and judgments, compensated absences, or pension liabilities.

Fiscal Year(s)	General Obligation		Capital	Totals
	Bonds	Loans	Leases	
1989	\$ 163,034	\$ 394	\$ 4,377	\$ 167,805
1990	172,374	394	4,120	176,888
1991	176,495	27,173	3,935	207,603
1992	161,175	1,375	2,438	164,988
1993	151,320	684	648	152,652
1994 - 1998	636,232	-	-	636,232
1999 - 2003	346,900	-	-	346,900
2004 - 2008	77,956	-	-	77,956
Total Payments	\$1,885,486	\$30,020	\$15,518	1,931,024
Interest	607,703	-	1,792	609,495
Total Principal	\$1,277,783	\$30,020	\$13,726	\$1,321,529

Minnesota Statutes, Section 16A.65 provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on November 1 of each year for state bonds issued by January 1, 1985, and on December 1 of each year for state bonds issued after January 1, 1985, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient, when combined with the balance on hand in the Debt Service Fund, the State Constitution requires the State Auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law was enacted requiring the appropriation.

In fiscal year 1988 the Department of Finance made the necessary transfers (in thousands) to the Debt Service Fund as follows:

General Fund	\$134,269
Special Revenue Funds:	
Natural Resources Funds	37
Trunk Highway Fund	11,313
Maximum Effort School Loan Fund	1,665
Nonappropriated Miscellaneous Special Revenue Fund	8,856
Capital Projects Fund (Building Fund)	7,632
Total Operating Transfers to Debt Service Fund	\$163,772

The amount shown in the Debt Service Fund as reserved for debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes amounts for both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

Two issues of general obligation bonds are recorded as liabilities of an enterprise fund, the State University Board Revenue Fund, because the earnings of the fund are pledged for repayment of bonds. This fund makes debt service transfers fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets (see Note 7) in the enterprise fund and as funds held in trust in the Debt Service Fund. The General Fund remains secondarily liable for these bonds.

General Obligation Bond Issues:

During fiscal year 1988, a total of \$210,500,000 in general obligation bonds were issued and \$87,195,000 in general obligation bond principal was repaid. Bond issues for the fiscal year consisted of the following:

Bond Issue	Issue Amount	True Interest Rate
Building Fund Bonds	\$200,000,000	6.42%
Family Farm		
Security Loan Bonds	8,000,000	8.37%
Rural Finance		
Authority Program Bonds	2,500,000	8.90%
	\$210,500,000	

Advance Refunding - On March 8, 1988, the state issued \$182,500,000 in General Obligation Refunding Bonds with an average true interest rate of 6.95% to advance refund \$165,450,000 of outstanding 1983 and 1985 Series bonds with average true interest rates of 8.66% and 7.96% respectively. The entire proceeds of \$180,595,240 (net of \$1,904,760 in accrued interest, underwriting fees and issuance costs) have been placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated, and the new advance refunding bonds added to the General Long-Term Obligation Account Group. The most recent refunding transaction will save the state aggregate debt service payments of approximately \$8 million and will result in an economic gain or present value savings of approximately \$7 million over the life of the refunded bonds.

The balance outstanding for all the extinguished debt at June 30, 1988, was \$499,700,000 consisting of the following. The state remains contingently liable to pay the refunded general obligation bonds.

Outstanding Defeased Debt

Refunding Date	Refunding Amount	Refunded Amount	Outstanding Amount	Final Maturity Date
June 1, 1985	\$116,500,000	\$109,400,000	\$ 90,650,000	Aug. 1, 2004
July 1, 1985	52,125,000	47,250,000	37,800,000	Aug. 1, 2006
Aug. 1, 1986	236,500,000	227,800,000	205,800,000	Aug. 1, 2000
Mar. 6, 1988	182,500,000	165,450,000	165,450,000	Aug. 1, 2007
Total	\$587,625,000	\$549,900,000	\$499,700,000	

A schedule of general obligation bonds authorized, issued, unissued and outstanding at June 30, 1988, is provided as follows (in thousands):

Purpose	Total Amount Authorized	Total Amount Issued	Unissued	Amount Outstanding	Issue Dates	Interest Rates Range - %
State Building	\$1,777,580	\$1,356,600	\$420,980	\$ 495,658	11/67-7/87	3.75-8.66
State Transportation	206,435	191,600	14,835	64,258	5/77-7/87	4.69-9.31
Waste Management	30,400	17,300	13,100	10,813	8/83-7/87	6.00-8.66
Water Pollution Control	344,847	278,100	66,747	68,405	9/72-10/85	4.58-8.66
Maximum Effort School Loan	73,200	48,225	24,975	21,930	9/69-8/86	5.86-8.40
Municipal Aid	4,330	-	4,330	-		
Reinvest In Minnesota	35,000	26,000	9,000	16,000	7/87	6.00-7.20
Rural Finance Administration	50,000	2,500	47,500	2,500	10/87	8.90
Family Farm Security	20,000	16,000	4,000	16,000	7/86-11/87	7.10-8.37
Natural Resources	20,000	20,000	-	9,000	7/76	5.10
Parks and Recreation	61,500	61,500	-	27,000	1/78	4.72
Zoological Garden	23,375	23,375	-	11,725	8/73-5/77	4.99-5.70
Vietnam Veterans Bonus	60,000	60,000	-	18,000	8/73-10/73	4.48-4.98
Refunding Bonds	-	-	-	414,085	2/85-4/88	6.99-8.41
Exchange Bonds	-	-	-	6,289	2/85	.05
School Energy Building	40,000	33,000	7,000	13,900	7/84-7/87	6.00-9.31
Game and Fish Building	588	588	-	523	8/83-7/85	7.96-8.66
Trunk Highway	214,000	214,000	-	81,625	8/67-7/87	3.75-9.31
Master Lease	42,650	42,650	-	72	9/85-10/87	5.50-7.75
Totals	\$3,003,905	\$2,391,438	\$612,467	\$1,277,783		

Claims and Judgments Payable

Claims and Judgments Payable at June 30, 1988, consists of taconite occupation taxes overpaid from 1971 through 1982 by several mining companies. The refunds owed to the companies are estimated to be \$13,134,887 at June 30, 1988, including interest on the unpaid balance. The refunds plus interest thereon are currently being repaid through cash refunds, credits to sales, occupation and railroad gross earnings taxes owed by the mining companies involved. During fiscal year 1988 interest at 6 percent on the amounts owed increased this obligation by \$1,699,689. Also, audits of mining companies' records disclosed an additional \$1,689,213 in refund liabilities. Credits to sales, railroad gross earnings and occupation taxes totaling \$4,435,493 and cash refunds of \$4,447,197 decreased the liability during 1988.

Grants and Subsidies Payable

Various grant and subsidy payments are based on data for one fiscal year but are paid from resources of the subsequent year. Where the payment is based on services or actions completed by the recipient as of June 30, 1988, we have determined that a long-term liability exists. Liabilities totaling \$300,660,175 for such grants and subsidies are recognized at June 30, 1988. This amount includes \$292,032,922 in final payments for school aids for fiscal year 1988, which is payable in October, 1988. The remainder is for tuition reciprocity owed to surrounding states for the school year ended June 30, 1988 and for reimbursements to counties for property taxes lost as the state took over certain previously taxable property.

Compensated Absences

The liability for compensated absences for governmental funds totaling \$104,672,581 is primarily for vacation leave and for vested sick leave which is payable as severance pay under specific conditions. Both amounts are paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unspecified times.

Leases

Capital leases payable are for those leases meeting the criteria in GASB Statement 1, Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide. While the state has entered into numerous operating lease agreements, annual payments for operating leases for governmental funds are not significant.

Pension Liabilities

The pension liabilities of \$4,732,000 represent the fiscal year 1988 funding deficit for the pension trust funds. This liability is the amount, for any fund, that the actuarially determined contribution requirement exceeds actual contributions made. See Note 21.

9. LEASE AGREEMENTS

The state has entered into several capital lease agreements to purchase equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The terms of each agreement provide options to purchase the equipment at any time during the lease period.

Proprietary Funds - A description of the capital lease agreements for the proprietary funds follows.

<u>Fiscal Year</u>	<u>Description</u>	<u>Terms</u>	<u>Original Cost</u>
	Plant Management Fund (an internal service fund)		
1986	Jeep	48 months	\$ 5,444
	Zoological Garden (an enterprise fund)		
1987	Computer Hardware and Software	60 months	57,978
1987	Copier	36 months	10,133
1988	Computer Hardware and Software	47 months	28,519
	Enterprise Activities Fund		
1985	Vans	48 months	21,994
1986	Vans	48 months	20,888
Total Proprietary Fund Fixed Assets Purchased Through Capital Leases			\$144,956

The following is a schedule of the future minimum lease payments for the capitalized leases together with the total present value of the net minimum lease payments as of June 30, 1988 for proprietary funds:

<u>Fiscal Year</u>	<u>Capitalized Leases</u>		
	<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	
	<u>Plant Management</u>	<u>Zoological Gardens</u>	<u>Enterprise Activities</u>
1989	\$1,595	\$25,305	\$12,679
1990	132	24,300	3,569
1991	-	24,300	-
1992	-	6,075	-
Total Payments	\$1,727	\$79,980	\$16,248
Interest	78	10,135	1,306
Present Value of Minimum Lease Payment	\$1,649	\$69,845	\$14,942

Governmental Funds - The equipment purchased through capital lease agreements and included with the general fixed assets consists of numerous small items. The liability for these capital leases is included in general long-term obligations (see Note 8).

The state has few operating leases. Total annual lease payments are insignificant.

10. ECONOMIC DEVELOPMENT REVENUE BONDS OF THE IRRRB

The Iron Range Resource and Rehabilitation Board (IRRRB) is authorized by Minnesota statutes to issue bonds and other obligations to finance projects or programs within certain tax relief areas of the state. As of June 30, 1988, the IRRRB had issued Economic Development Revenue Bonds totaling \$8,565,000. They are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of IRRRB, are not general obligations of the state of Minnesota and are not payable from any taxing source. The liability for these bonds is not included in this report.

11. LONG-TERM OBLIGATIONS - PROPRIETARY FUNDS

Revenue Bonds

The agencies listed below have the authority to issue, and have issued, bonds which are not general obligations of the state but are payable solely from rentals, revenues and other income, charges and monies as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota Housing Finance Agency (MHFA) is authorized by Minnesota Statutes Section 462A.08-.14 to issue its bonds and notes for the purpose of providing funds for rehabilitation loans, construction loans and mortgage loans to sponsors of residential housing for families of low and moderate income, or refunding bonds. The amount of such bonds outstanding at any time shall not exceed \$1,990,000,000.

The Minnesota Higher Education Facilities Authority (MHEFA) is authorized by Minnesota Statutes Sections 136A.32-.34 to issue revenue bonds to finance the acquisition, construction and remodeling of college buildings and structures to be used for private nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed \$150,000,000. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and the guarantee of the institution for which the project is financed.

The Minnesota State University Board (MSUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of \$92,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes. All of such bonds have been issued and are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees.

The Minnesota Higher Education Coordinating Board (MHECB) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed \$550,000,000.

The bonding authority of the Minnesota Energy and Economic Development Authority (MEEDA) has been transferred to the Minnesota Agricultural and Economic Development Board by Minnesota Statute 41A.022. The Minnesota Agricultural and Economic Development Board revenue bond information is reported in the Economic Development Authorities Fund (EDA). The bonds are sold to promote economic development by providing loans to businesses in Minnesota. As of June 30, 1988 the EDA had \$110,415,000 bonds outstanding.

Certificates of Participation - Master Lease Program

On June 30, 1988, there were \$18,020,002 of master lease certificates of participation payable from various internal service funds and the General Fund. Under the master lease program, certificate proceeds are used to purchase equipment resulting in lower financing costs. These certificates of participation are not a general or moral obligation of the state but are payable from lease payments. To avoid overstating the state's liability for the master lease program, the liability for these certificates is reported as a liability of the fund purchasing the equipment through the master lease program with the remaining liability recorded in the Master Lease Fund, an internal service fund. At June 30, 1988, the liability for these certificates is reported in the internal service funds and in the General Long-Term Obligation Account Group (included in general obligation bonds payable), for equipment purchased by the General Fund, as follows:

Master Lease Fund	\$ 7,932,800
For equipment purchased:	
Internal service funds	10,015,606
General Long-Term Obligation Account Group	<u>71,596</u>
Total Certificates of Participation	\$18,020,002

In addition, general obligation bonds have been issued for the Minnesota State University Board Revenue Fund (an enterprise fund). The liability for these bonds is reported in that fund. The earnings of the fund are pledged for repayment of the general obligation bonds and any revenue bonds sold for the same purpose. At June 30, 1988 the total of general obligation bonds outstanding in the State University Board Revenue Fund was \$12,418,400.

Principal and interest repayment schedules for proprietary fund bonds and certificates of participation outstanding are provided below (in thousands). Portions of the bonds payable are reported as Payable From Restricted Assets on the Combined Balance Sheet - All Fund Types and Account Groups.

Fiscal Year(s) Ending	Revenue Bonds					Certificates of Participation	General Obligation Bonds
	MHFA	MHEFA	MSUB	MHECB	EDA	Internal Service Funds	MSUB
1989	\$ 174,458	\$ 13,695	\$ 2,311	\$188,690	\$ 19,272	\$ 5,748	\$ 1,279
1990	173,873	14,220	2,295	31,499	21,202	4,941	3,609
1991	169,527	13,878	2,266	28,805	21,195	4,202	4,768
1992	143,857	16,042	2,258	19,290	21,196	3,195	421
1993	139,003	10,879	2,246	5,190	21,163	2,304	410
1994 - 1998	748,492	43,858	11,227	34,213	37,415	481	4,128
1999 - 2003	650,874	38,186	12,718	29,478	7,860	-	-
2004 - 2008	619,204	24,457	3,203	-	8,837	-	-
2009 - 2013	597,055	7,492	-	-	240	-	-
2014 - 2018	368,421	3,263	-	-	-	-	-
2019 - 2023	<u>71,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$3,855,848	\$185,970	\$38,524	\$337,165	\$158,380	\$20,871	\$14,615
Unamortized (Discount) Premium	-	(1,147)	(155)	(535)	-	-	3
Interest	<u>2,265,831</u>	<u>77,970</u>	<u>11,682</u>	<u>44,065</u>	<u>47,965</u>	<u>2,922</u>	<u>2,200</u>
Bond Principal	\$1,590,017	\$106,853	\$26,687	\$292,565	\$110,415	\$17,949	\$12,418

The liability for installment purchases increased by \$8,197,495 during the year ended June 30, 1988. This increase is primarily in the Computer Services Fund (an internal service fund) for the purchase of new computer equipment. The installment purchases in the Computer Services Fund will be repaid over the next 5 years as shown below.

Full Fiscal Year Ending June 30:

	Installment Purchase
1989	\$ 2,512,286
1990	2,613,019
1991	2,613,019
1992	2,166,396
1993	100,734
Total Minimum Payments	10,005,454
Less: Amount Representing Interest	1,168,842
Present value of net minimum payments	\$ 8,836,612

12. LONG-TERM COMMITMENTS

Long-term commitments consist of grant agreements, construction and other contracts. These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants. The following amounts were outstanding as of June 30, 1988:

Special Revenue Funds:	
Trunk Highway Fund	\$ 74,935,466
Environmental Fund	13,396,834
Iron Range Resources and Rehabilitation Fund	769,962
Capital Projects Funds:	
General Project Fund	11,662,680
Transportation Fund	5,189,701
Building Fund	216,771,767
Total	\$322,726,410

13. CONTINGENT LIABILITIES - LITIGATION

Payment of tort claims against the State is made from funds appropriated by the Minnesota Legislature for that purpose. For the fiscal year ending June 30, 1986, the appropriation was \$1,068,200 and payments were \$517,996. The appropriation for the fiscal year ending June 30, 1987 was \$1,175,203 and payments were \$645,483. The appropriation for the fiscal year ending June 30, 1988 was \$918,500 and payments were \$429,694. The maximum limits of liability for tort claims are \$200,000 for any individual claim and \$600,000 for any number of claims arising out of a single occurrence.

Lawsuits based on non-tort theories furnish another basis for potential liability. The following cases in which the State, its officers or employees, are defendants have been noted because an adverse decision could result in expenditures of State moneys in excess of current levels.

- a. Tax refund actions based on Memphis Bank v. Garner, 103 S. Ct. 692 (1983) have been filed by most Minnesota banks in district courts throughout the state. In Memphis Bank, the Court held unconstitutional a Tennessee tax law which included interest on federal obligations in the computation of net income, which is the measure of the tax, but exempted interest on all obligations of state and political subdivisions. These plaintiff taxpayers contend that the Minnesota bank excise tax is likewise unconstitutional because Minnesota excludes interest on certain obligations of the State and its political subdivisions from the computation of the tax while including interest on federal obligations. In May, 1987 the Ramsey County District Court, in the first phase of a bifurcated liability/damages trial, found in favor of plaintiffs. The court held the bank excise tax unconstitutional on the ground that it discriminated against U.S. obligations and on the further ground that the tax is an income tax rather than a franchise tax. The taxes and interest in suit are estimated to be in excess of \$140 million for the tax years at issue, 1979-1983. The ruling of the court that the tax is an income tax raises a possibility of additional refund claims for bank excise and corporate franchise taxes for years subsequent to 1983. The total amount in issue in the years 1979 to the present could be in excess of \$300 million. An appeal will be filed after completion of the damages phase of the trial which is scheduled for February, 1989. Any liability resulting from a final decision against the State may impact the general fund.
- b. At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the State. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the State for property which has been or will be acquired exceeds \$5 million. Liability arising out of decisions unfavorable to the State may impact the trunk highway fund.

Minnesota Mining and Manufacturing Co. v. Commissioner of Revenue, Ramsey County District Court. Plaintiffs in this case, which was filed in April, 1986, are the 3M Company and several of its subsidiaries. Plaintiffs claim Minnesota franchise tax refunds for the years 1971-81, asserting that they should be allowed to compute their taxes using an apportionment formula different from that employed by them in their returns as originally filed. The amount sought is believed in excess of \$10 million. Any liability arising out of a decision against the State may impact the general fund.

Caligata Palmolive Co. v. Commissioner of Revenue, Tax Court. The taxpayer, in this appeal from a tax assessment, claims that the Minnesota Statutes section 290.21, subdivision 4(a) dividends received credit is unconstitutionally discriminatory against interstate and foreign commerce. Should the taxpayer prevail refund claims by other similarly situated taxpayers could exceed \$16 million plus interest. The case is now awaiting decision by the Tax Court. Any liability arising from a decision against the state may impact the general fund.

Trust For Short-Term U.S. Government Securities v. Minnesota Department of Revenue, Hennepin County District Court. Plaintiff in this action seeks a declaratory judgment that Minnesota's income taxation of dividends received from mutual funds whose assets consist of U.S. government securities is unconstitutional. Plaintiff asserts that the dividends may not be taxed because interest on U.S. obligations is constitutionally exempt from state taxation. Any liability arising from refund claims based on the judgment sought by the plaintiff might impact the general fund in an amount exceeding \$35 million plus interest.

Mannpenney, et al. v. United States, State of Minnesota, et al., United States District Court, District of Minnesota, 4th Division. This litigation involves land claims on the White Earth Indian Reservation. Plaintiffs have brought an action to regain ownership of several hundred thousand acres of land on the Reservation. Plaintiffs are challenging transfers of land involving tax forfeitures and probate distributions and are also making a host of minor claims. Plaintiffs sought certification as a class claiming damages in excess of \$100,000,000. Certification as a class action was denied. No appeal has been filed to date, but the time for appeal has not yet expired. Any liability arising out of a decision against the State may impact the general fund.

At any one time, there are hundreds of long-term care rate appeals pending with the Department of Human Services. In the aggregate, it is possible that the adverse impact of the appeals exceeds \$5 million. Any liability comes from a combination of the federal and general funds and a lesser amount from local governmental units.

14. CONTINGENT LIABILITIES - OTHER

Municipal Debt Service

Under Minnesota Statutes Section 475A.03, Municipal Debt Service Aid Law, the state is contingently liable as guarantor for outstanding bond principal and scheduled interest payments, which on June 30, 1988 totaled \$6,145,700. Statutes provide for defaults to be covered first by guarantee fees accumulated in the Miscellaneous Agency Fund (a fiduciary fund) until depleted, then funded from the General Fund, with subsequent reimbursement from the sale of state general obligation bonds.

Family Farm Security Loans

Under Minnesota Statutes Sections 41.52 and 41.56 concerning the Family Farm Security Loan Program, the state is contingently liable for 90% of the balance of the outstanding loans and 100% of certain restructured loans. As of June 30, 1988 the amount of outstanding loans was \$28,887,667. The amount of the state's guarantee was approximately 90% of the sum of the outstanding loans. All loans are secured by mortgages on real property. In the event of default, proceeds from the sale of foreclosed property are applied to debt service prior to reducing any outstanding loan balances of the Nonappropriated Miscellaneous Special Revenue Fund (a special revenue fund). Minnesota Statutes Section 41.62 authorizes up to \$20,000,000 of general obligation debt as additional resources for financing guarantee payments of this program (see Notes 8 and 29). On June 30, 1988, the state owned 16,186 acres of repossessed farmland, held for resale, which is reported as inventory in the Nonappropriated Miscellaneous Special Revenue Fund. An additional 8 loans in the amount of \$1,023,646 were in default at June 30, 1988.

Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 21), there are two other public employee pension funds for whose unfunded liability the state may be contingently liable. These are pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involved, the year end for which the most current data is available and the unfunded liabilities are provided below (in thousands):

Minneapolis Employees Retirement Fund	June 30, 1988	\$239,345
Local Police and Fire Funds	December 31, 1987	\$536,655

Pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement, Police and Fire and the Police and Fire Consolidation Funds. The unfunded liabilities and net assets available at June 30 for funding of these pension funds are provided in Note 21.

All of the above unfunded liabilities were computed using the entry age normal cost (level normal cost) method, and assuming a 5 percent interest rate and a 3.5 percent annual salary growth rate. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire, or fully fund, the liabilities for the Local Police and Fire Funds by June 30, 2009 and by June 30, 2017 for the Minneapolis Employees Retirement Fund.

15. OTHER FINANCING SOURCES AND USES

The "other" category of Other Financing Sources and Uses consists of the following:

- \$19,800,590 of loans received in the Trunk Highway Fund (a special revenue fund) from local governments;
- \$5,435,952 of adjustments or write-offs to loans receivable in the General Fund and the Building Fund (a capital projects fund). \$4,205,130 of this amount is a write-off of family farm program loans receivable in the General Fund.

16. RESIDUAL EQUITY TRANSFERS

Residual equity transfers-out exceed similar transfers-in by \$177,544 because of differing reporting focuses for proprietary and governmental fund types. These residual equity transfers from governmental fund types are reported as part of the increase to contributed capital in the proprietary funds.

17. CONTRIBUTED CAPITAL

Contributed capital of the enterprise and internal service funds consists of resources provided from the following sources:

Source	Enterprise Funds	Internal Service Funds	Total
General Fund	\$37,657,243	\$6,697,377	\$44,354,620
Federal Grants	1,036,095	-	1,036,095
Other	964,764	947,751	1,912,515
Total	\$39,658,102	\$7,645,128	\$47,303,230

18. DEFICIT UNRESERVED RETAINED EARNINGS BALANCES

The following funds have deficit retained earnings balances at June 30, 1988:

<u>Enterprise Funds:</u>	
Enterprise Activities Fund	\$ 37,172
<u>Internal Service Funds:</u>	
State Printer	\$ 103,701
Telecommunications	1,535,160

During fiscal year 1988 and earlier years, rates charged for services were insufficient to cover costs, resulting in deficit retained earnings. The rates for services have been, or will be reviewed and adjusted to eliminate the deficits in future years.

19. FUND BALANCES AND RETAINED EARNINGS

Reserved Fund Balances - The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

The Budgetary Reserve in the General Fund is an amount appropriated by the Legislature for use only when it appears that probable receipts will be less than anticipated and that the amount available for the remainder of the biennium will be less than needed for budgeted expenditures. In this circumstance, state law requires that the Commissioner of Finance, with the approval of the Governor and after consulting with legislative leadership, transfer amounts necessary from the reserve to the unreserved fund balance.

Reserved for local governments is the equity amount in three expendable trust funds required by the State Constitution to be paid to local governments. The funds are the Municipal State-Aid Street, County State-Aid Highway and Endowment School Funds. The payments to these local governments are for street and highway projects (to municipalities and counties) and to subsidize education in the local school districts.

Reserved for Other consists of the following:

- \$40,227,334 in the Nonappropriated Miscellaneous Special Revenue Fund (a special revenue fund) represents an allocation from the federal courts of fines for petroleum overcharges. Federal law requires these funds be used for energy conservation programs only.
- A \$6,346,176 reserve in the Northeast Minnesota Economic Protection Fund (an expendable trust fund) serves as a backup guarantee for Economic Development Revenue Bonds. These bonds are not a liability of the state (see Note 10).
- The remaining amounts are reserved for deferred costs.

Unreserved Fund Balances - The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources available for appropriation.

Designated for Fund Purposes consists of fund balances for nonappropriated funds to be used for the following purposes:

Special Revenue Funds

Education	\$ 4,777,671
Environment & Economic Development	18,595,835
Health and Social Services	11,805,618
Transportation	5,882,118
Natural Resources and Miscellaneous	28,036,298

Expendable Trust Funds

Economic Protection and Rehabilitation	\$230,196,366
Miscellaneous	4,478,391

Retained Earnings Reservation - Retained Earnings Reserved per Law of the enterprise funds consists of the following:

- \$25,129,988 in the College and University Enterprise Activities Fund's retained earnings is the federal share of federal student loan program assets.
- \$116,046,000 in the Minnesota Housing Finance Agency Funds' retained earnings is the unused portions of state appropriations provided for specific programs. These programs are primarily for interest rate reduction on housing mortgages and home improvement loans.
- \$5,280,713 in the Economic Development Authorities Fund is the unused portion of state appropriation for economic development programs.

20. DEFICIT UNDESIGNATED FUND BALANCES

Special Revenue Funds

The Special Workers Compensation Fund provides supplementary workers compensation benefits to workers whose injury or disability meets certain requirements. For the most part, payments from this fund are reimbursements to insurance companies for payments to eligible injured workers. Funding for these reimbursements comes from an assessment on insurers and self-insurers. The undesignated fund deficit, \$66,393,977 at June 30, 1988, will be reduced through increases in the assessment rate and eventually eliminated.

The Highway Users Tax Distribution Fund deficit of \$1,765,309 at June 30, 1988, was the result of accounting basis differences. Various interfund liabilities are accrued for reporting purposes, but actual transfers are made on the basis of cash available.

The Building Fund (a capital projects fund) deficit unreserved fund balance of \$14,084,370 at June 30, 1988, was caused by the decision to delay the selling of bonds. Borrowing from the General Fund, as authorized in statute, provided cash to meet immediate needs of the fund. Proceeds of the July 7, 1988, bond sale were used to repay the General Fund and eliminate the deficit.

21. PENSION TRUST FUNDS

The state of Minnesota performs a fiduciary role for several pension trust funds. For some of these the state contributes, as an employer, and for others performs only a fiduciary role. These pension funds are categorized as either Defined Benefit, Defined Contribution, or Investment Trust Funds.

All of the pension trust funds are reported on the accrual basis of accounting which means that employer and employee contribution revenues are recognized in the period in which the employee services are provided (see also Note 1). Investments for the Defined Contribution and Investment Trust Funds are reported at market value. For the Defined Benefit Funds, short-term and equity investments are reported at cost with fixed income securities at amortized cost (see also Note 2).

Defined Benefit Pension Funds

Plan Descriptions

The defined benefit pension funds presented in the financial statements include various statewide public employee groups. The employee groups covered, eligibility and benefit provisions for each fund are described below. Vesting occurs after 5 years for all but the Legislators and Elective State Officers Plans. Salary base used for calculating annuities in all cases is the average of the employee's salary for the high five successive years of service.

Multiple employer, cost sharing plans:

- The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions including counties, cities, towns, school districts and certain related organizations. There are two types of membership, Basic and Coordinated. Normal retirement age is 65 (62 with 30 years of Service), however when age plus years of

service equal 90, employees are eligible for a full annuity under both types of membership. The annuity payable for a basic member is 2% for each of the first 10 years of service and 2.5% for each remaining year. For a coordinated member, the annuity is 1% for each of the first 10 years and 1.5% for each remaining year. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

- The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions who, prior to 1981, were not covered by a local relief association and all hired since 1980. At age 55, with at least 10 years service, the employee is eligible for an unreduced annuity. The annuity is 2.5% for each of the first 25 years and 2% for each remaining year. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.
- The Teachers Retirement Fund (TRF) covers teachers employed by the school districts or by the state, including the state universities and community colleges. Also included are supervisors, academic administrators and librarians employed by the same organizations. Normal retirement is age 65 (or 62 with 30 years of service). For coordinated members the annuity is 1% for the first 10 years and 1.5% for the remaining years. For the basic members, the annuity is 2% for the first 10 years and 2.5% for the remaining years. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.
- The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota and certain other entities not covered by other pension funds. Normal retirement age is 65, or 62 with 30 years of service. The annuity formula is 1% for each of the first 10 years of service and 1.5% for the remaining years. The state, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

Single employer (state of Minnesota) plans:

- The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers, and various conservation officers who perform enforcement duties. Minimum retirement age is 55. Annuity is based on 2.5% for each of the first 25 years and 2% for all remaining years.
- The Correctional Employees Retirement Fund (CERF) covers state employees who have direct responsibility for inmates at Minnesota correctional facilities. Minimum retirement age is 55. The annuity is based on 2.5% for the first 25 years of service with 2% for remaining years.
- The Judicial Retirement Fund (JRF) covers judges of the supreme court, district courts, county courts, probate courts and various court referees. Normal retirement age is 65; the annuity is 2.5% for each year of service (3% for each year after June 30, 1980).
- The Elective State Officers Fund (ESOF) covers the state's constitutional officers. Vesting occurs after 8 years; normal retirement age is 62. Annuities are 2.5% for each year of service.
- The Legislative Retirement Fund (LRF) covers members of the state's House of Representatives and Senate. Six years are required for vesting; normal retirement age is 62. Annuity is 2.5% for each year of service.

Multiple employer, agent plan:

- The Police and Fire Consolidation Fund (PFCF) covers police officers and firefighters belonging to a local relief Association that elected to merge with, and transfer assets and administration to the Public Employee Retirement Association. Minimum age and other benefit provisions vary from one relief association to another. Participants have the option to elect benefit coverage of the Police and Fire fund (see above) or retain benefit coverage provided in under their relief association plan. The state is not responsible for the unfunded accrued liability of this fund but performs only in a fiduciary capacity.

Membership and payroll for the various plans are provided in the table below (dollars in thousands). The total payroll for the state for the year ended June 30, 1988 was \$917,810,000 and state payroll for employees covered by the State Employees Retirement Fund was \$683,311,000 and for those covered by the Teachers Retirement Fund was \$154,406,375.

Membership as of June 30, 1988	Single Employer					Multiple Employers				
	CERF	SPRF	JRF	ESOF	LRF	State is an Employer		State is not an Employer		
						SERF	TRF	PERF	P&FF	PFCF
Statutory Authority - Minnesota, Chapter	352	3528	490	352C	3A	352	354	353	353	353A
Retirees and beneficiaries currently receiving benefits	346	455	161	8	169	12,877	15,629	26,700	1,363	126
Terminated employees entitled to benefits but not yet receiving them:										
Vested	47	16	5	5	97	1,162	1,926	2,094	105	5
Nonvested	80	8	-	1	17	4,084	13,106	6,621	107	-
Active employees covered:										
Vested	801	614	175	3	101	28,726	41,069	53,371	3,856	93
Nonvested	466	126	71	3	100	18,314	20,214	41,853	1,755	-
Current year covered payroll	\$33,155	\$26,085	\$16,102	\$365	\$4,386	\$1,091,511	\$1,594,391	\$1,659,171	\$167,857	\$1,277

Funding Status

The amounts shown (dollars in thousands) in the table below as the "pension benefit obligation" are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the retirement plans on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers and retirement funds. This measure is independent of the actuarial funding method used to determine contributions to the retirement funds.

At the end of each fiscal year, actuarial valuations are prepared by an independent actuary hired by the legislature to calculate the pension benefit obligation and to determine whether adjustments in the statutory contribution rates are necessary. The pension benefit obligation information in the schedule which follows is based on the actuarial valuations for the most current year available, July 1, 1987 or 1988, as indicated.

	Single Employer					Multiple Employers				
						State is an Employer		State is not an Employer		
	CERF	SPRF	JRF	ESOF	LRF	SERF	TRF	PERF	P&FF	P&CF
Actuarial Valuation Date	7/1/88	7/1/88	7/1/88	7/1/88	7/1/88	7/1/88	7/1/87	7/1/88	7/1/88	7/1/88
Pension Benefit Obligation:										
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$28,309	\$81,485	\$30,576	\$1,004	\$16,240	\$669,694	\$1,605,433	\$1,633,391	\$174,131	\$19,685
Current employees:										
Accumulated employee contributions including allocated investment income	\$12,818	\$23,415	\$5,177	\$242	\$2,949	\$359,590	\$1,033,574	\$637,855	\$124,176	\$3,225
Employer-financed vested	\$24,311	\$50,610	\$16,581	\$417	\$3,076	\$588,594	\$1,417,986	\$867,278	\$145,928	\$15,498
Employer-financed nonvested	\$3,704	\$11,839	\$7,055	\$94	\$1,493	\$157,567	\$235,873	\$195,899	\$68,686	\$0
Total Pension Benefit Obligation	\$69,142	\$167,349	\$59,389	\$1,757	\$23,758	\$1,775,445	\$4,292,866	\$3,334,423	\$512,921	\$38,408
Net assets available for benefits, at cost	\$72,436	\$146,052	\$21,229	\$281	\$11,857	\$1,609,164	\$3,905,441	\$2,610,913	\$544,068	\$22,573
Unfunded/(Assets in excess of) pension benefit obligation	(\$3,294)	\$21,297	\$38,160	\$1,476	\$11,901	\$166,281	\$387,425	\$723,510	(\$31,147)	\$15,835
Net assets available for benefits, at market value	\$77,293	\$152,913	\$21,189	\$281	\$11,857	\$1,713,460	\$4,190,789	\$2,749,289	\$584,871	\$22,796

Assumptions used in preparing actuarial information provided in the defined benefit tables included annual investment return of 8% for pre-retirement and 5% for post retirement and projected salary increases of 6.5%.

Post retirement benefit increases are based on investment returns in excess of the 5% assumption on post-retirement asset balances. Such benefit increases are determined annually. Because such increases can only be provided if earnings are in excess of the 5% return assumed, the liability for any benefit increases to be granted in the future are not included in the determination of the pension benefit obligation.

The mortality rates assumed for the Public Employees Retirement, the Police and Fire and Police and Fire Consolidation Funds changed from those used in the July 1, 1987 actuarial valuations. Previously mortality rates for members of these plans were assumed to be statistically equivalent to the "Unisex Pension 1984 Table," set forward one year for males and back four years for females. For the July 1, 1988 valuation, mortality assumptions are based on the 1971 Group Annuity Mortality Table projected to 1984 for males and females. The adoption of the new table increased the projected benefit obligation, for the three funds, by \$179,670,000, \$18,805,000 and \$2,459,942 respectively.

Additionally a change in benefits for the Police and Fire Consolidation Fund reduced the vesting requirement from 20 years to 5. This change increased the projected benefit obligation by \$888,223.

There were no significant changes in benefits or actuarial assumptions between June 30 or July 1 of either year.

Contributions - Required and Made

Except for the Judicial Retirement, Elective State Officers Retirement and the Legislative Retirement Funds, all of the defined benefit pension funds are funded using level contribution rates, set in statute, which are intended to be sufficient to fully fund the accrued actuarial liabilities by the year 2009 (2011 for the State Employees Retirement Fund and 2017 for the Correctional Employees Retirement Fund).

The Judicial Retirement and the Legislative Retirement Funds are terminally funded. At the time of retirement, members' contributions are supplemented by employer contributions from the General Fund, in an amount sufficient to provide the necessary resources for future annuity payments. The Elective State Officers Fund operates on a pay-as-you-go basis. If the fund's resources are fully depleted, employer contributions, in an amount sufficient to pay current obligations, will be made from the General Fund.

The actuarially determined contribution requirements, necessary to pay pension benefits when due were computed using the entry age normal cost (entry age actuarial cost) method. Actuarial assumptions used to calculate the required contribution are the same as those used to calculate the pension benefit obligation above.

The actuarially determined contribution requirements and contributions actually made, along with the funding surplus or deficit are provided below for all funds (dollars in thousands).

	Single Employer					Multiple Employers				
	CERF	SPRF	JRF	ESOF	LRF	State is an Employer		State is not an Employer		
						SERF	TRF	PERF	PARF	PFCF
Contributions as of June 30, 1988 made										
Employee contributions	\$1,753	\$2,244	\$565	\$34	\$397	\$41,632	\$75,489	\$71,504	\$13,436	\$105
Percent of current year covered payroll	4.90%	8.50%	3.75%	9.00%	9.00%	3.73%	4.62%	4.31%	8.00%	8.00%
Employer contributions	\$3,089	\$4,971	N/A	N/A	N/A	\$42,951	\$147,112	\$78,042	\$20,126	\$1,458
Percent of current year covered payroll	8.70%	18.90%	N/A	N/A	N/A	3.90%	9.09%	4.74%	12.00%	12.00%
Total contributions made	\$4,842	\$7,215	\$565	\$34	\$397	\$84,583	\$222,601	\$149,546	\$33,562	\$1,563
Actuarial determined contribution requirements	\$3,342	\$6,101	\$4,180	\$138	\$1,410	\$79,680	\$213,011	\$136,218	\$26,807	\$1,563
Funding surplus (deficit)	\$1,500	\$1,114	(\$3,615)	(\$104)	(\$1,013)	\$4,903	\$9,590	\$13,328	\$6,755	\$0

* Contributions include \$1,299,352 for additional employer paid contributions

** Funding deficits for which the state is liable have been added to the General Long-Term Obligation Account Group

Trend Information

Trend information provides an indication of the progress made toward accumulating sufficient assets to pay benefits when due. Three year trend information is provided below for those retirement funds for which the state is the sole employer.

Three Year Historical Trend Information (Unaudited)	Single Employer				
	CERF	SPRF	JRF	ESOF	LRF
Net assets available for benefits expressed as a percent of the pension benefit obligation:					
1988			105%	87%	36%
1987			N/A	86%	35%
1986			N/A	77%	27%
Unfunded pension benefit obligation expressed as a percent of annual covered payroll:					
1988			-10%	82%	237%
1987			N/A	85%	220%
1986			N/A	110%	211%
Employer contributions expressed as a percent of annual covered payroll:					
1988			9%	19%	N/A
1987			N/A	17%	N/A
1986			N/A	17%	N/A

Employer contribution rates are authorized by state statutes. Ten year trend information, providing information about progress made in accumulating sufficient assets to pay benefits when due, is available for each retirement fund in the separately issued Comprehensive Annual Financial Reports for the Minnesota State Retirement System, Public Employees Retirement Association and the State Teachers Retirement Association.

Defined Contribution Funds

The Defined Contribution Funds presented in the financial statements include various statewide public employee retirement funds for which the benefits to be received are limited to an annuity which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore there is no actuarial valuation of accrued benefit liability.

Plan Descriptions

The Unclassified Employee Retirement Fund covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Participation and funding for the fiscal year ended June 30, 1988, were as follows:

Total employees covered	2,016
Annual payroll of covered employees	\$55,856,000
Employee contribution rate	4%
Total employee contributions	\$2,167,056
Employer contribution rate	6%
Total employer contributions	\$3,175,658

The College Supplemental Retirement Fund covers unclassified teachers, librarians, administrators, and certain other community college and state university staff members who have been employed full-time for a minimum of two academic years. For qualified employees, participation is mandatory. A contribution rate of five percent is applied to their annual salary between \$6,000 and \$15,000, and their contributions are matched by the employer. Participation and contributions were as follows:

Total employees covered	3,987
Total employee contributions	\$1,373,212
Total employer contributions	\$1,373,212

Investment Trust Funds

The Investment Trust Funds are administered by the State Board of Investment and serve only as an investment medium for various state, as well as locally administered, retirement funds and the Deferred Compensation Fund, an agency fund.

22. DEFERRED COMPENSATION

The state offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all public employees in the state and is administered by the Minnesota State Retirement Association. Investments are managed by the State Board of Investment and two insurance companies. The plan is accounted for in the Deferred Compensation Fund, an agency fund, with its investments reported at market value (see Note 2).

Under this plan, compensation is deferred for income tax purposes in accordance with Section 457 and is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts deferred under the plan, all assets purchased with such deferrals, related income, property, or rights remain (until made available to the employee or beneficiary) solely the property and rights of the employer (the state or local unit of government), subject only to the general creditors of the employer.

In accordance with state statute, the state is not liable for any losses under the plan but does have the duty of due care that would be required of a prudent investor. The state believes that it is unlikely that it, or other employers under the plan, will use the assets to satisfy the claims of general creditors in the future.

Of the \$325.4 million of investments in the Fund at June 30, 1988, \$159.1 million was applicable to the state while the remainder represents the assets of the other units of government participating in the plan. At June 30, 1988, \$201.3 million of assets and funds held in trust are managed by third party administrators.

23. PRIOR PERIOD ADJUSTMENTS

Accounts payable for the Insurance Trust Fund, an expendable trust fund, were overstated and fund balance was understated by \$4,305,777 at June 30, 1987. This resulted from an error in accounting for the accrued claims liability of one of the state's major health insurance plans.

24. ACCOUNTING AND REPORTING CHANGES

Reporting changes have been made to recognize changes mandated by law, to conform more closely to generally accepted accounting principles and to improve the clarity of the annual financial report.

Reposessed farmland reported as inventory of land for resale, in the Nonappropriated Miscellaneous Special Revenue Fund, previously was reported at cost. Due to significant declines in agricultural land values, all reposessed farmland has been valued at market. This land value change resulted in a June 30, 1988, write down of \$12,516,000 to reflect market value.

The equity for the defined contribution and investment trust funds (all reported as pension trust funds) is reported for fiscal year 1988 as fund balance. In previous years, the equity for these pension trust funds was reported as funds held in trust. This reporting change was made to more appropriately classify equity in these funds.

The Chemical Dependency Treatment Fund, an enterprise fund, was created by the 1986 Legislature to account for activity of state regional treatment centers for chemical dependency treatment services. Fiscal year 1988 was the first year of operation for the fund.

The Minnesota Energy and Economic Development Authority (MEEDA) was dissolved by act of the 1987 Legislature. Equity and bonding authority of the MEEDA Fund (an enterprise fund) were transferred to other state agencies, primarily the Public Facilities Authority and the Agricultural and Economic Development Board which are reported as the Economic Development Authorities Fund (an enterprise fund).

The Correctional Employees Retirement Fund (CERF) (a defined benefit pension trust fund), in previous years, was reported as part of the State Employees Retirement Fund (a defined benefit pension trust fund). The separation of the CERF was mandated by the 1987 Legislature.

The Police and Fire Consolidation Fund (PFCF), a defined benefit pension trust fund, was created by the 1987 Legislature to account for the activity of local relief associations for police officers and firefighters electing to merge with, and transfer assets and administration to, the Public Employees Retirement Association. The change in reporting entity of \$20,554,972 is for the equity transferred from the merging associations.

25. ENTERPRISE FUNDS - SEGMENT INFORMATION

State of Minnesota agencies provide major services to the public, financed by user charges. These agencies are:

Housing Finance Agency (HFA)
Higher Education Facilities Authority (HEFA)
State University Board (SUB)
Higher Education Coordinating Board (HECB)
Economic Development Authorities (EDA)
College and University Enterprise Activities
Minnesota Correctional Industries
Minnesota Zoological Garden
Chemical Dependency Treatment

In addition, services on a smaller scale are provided by other numerous functions (Enterprise Activities).

Significant financial data for the year ended June 30, 1988, stated in thousands of dollars, is presented as follows for the enterprise funds.

	HFA	HEFA	SUB	HECB	EDA	College & University Enterprise Activities	MN Correctional Industries	MN Zoological Garden	Chemical Dependency Treatment	Enterprise Activities	Total
Operating Revenues.....	\$ 162,022	\$ 5,593	\$30,562	\$ 13,326	\$ 2,456	\$16,368	\$ 8,669	\$ 4,258	\$ 6,139	\$6,360	\$ 255,753
Depreciation and Amortization Expense...	3,528	174	2,728	501	1	64	267	1,134	-	87	8,484
Operating Income (Loss)...	20,421	(1,752)	1,248	(11,758)	(8,657)	2,729	(3,499)	(5,893)	(2,485)	189	(9,457)
Nonoperating Revenues (Expenses).....	(16,540)	2,002	3,188	24,101	6,632	(118)	56	658	47	142	20,168
Net Operating Transfers In (Out).....	9,527	-	-	-	(395)	-	2,832	4,615	3,166	-	19,745
Net Income (Loss).....	13,408	250	4,436	12,343	(2,420)	2,611	(611)	(620)	728	331	30,456
Changes in Capital Contributions.....	-	-	(352)	-	-	-	23	-	-	12	(317)
Fixed Assets: Additions.....	94	58	2,170	43	20	229	223	792	-	223	3,852
(Deletions).....	-	(2)	(15)	-	-	(96)	(61)	(60)	-	(18)	(252)
Net Working Capital.....	353,919	767	18,903	82,533	11,825	14,254	6,685	2,442	885	853	493,066
Total Assets.....	2,100,555	111,818	82,331	447,080	140,008	43,375	9,454	30,593	4,329	2,482	2,972,025
Noncurrent Liabilities Payable from: Operating Revenues....	31	-	593	-	4,887	99	62	448	157	122	6,399
Other Sources.....	1,540,742	100,813	37,360	59,773	99,685	-	-	-	-	-	1,838,373
Total Fund Equity.....	310,427	2,812	39,154	150,415	21,807	42,376	8,526	28,635	728	1,285	606,165

26. STATEMENT OF CHANGES IN FINANCIAL POSITION

The Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds has been prepared on a basis of cash as the total of cash and investments. For this purpose, investments include short-term marketable securities (cash equivalents), and long-term securities. Cash and investments for the Enterprise Funds differ from that shown on the balance sheet because it includes cash and investments classified as restricted assets on the Combined Balance Sheet - All Fund Types and Account Groups (see Note 7).

Depreciation reported on this statement exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the State Printer (an internal service fund) because a portion of depreciation is included in the cost of goods sold.

27. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund transactions and loan transactions, and from the budgetary basis of accounting for encumbrances. On the budgetary basis, encumbrances are recognized as expenditures in the year encumbered, while on the modified accrual basis expenditures are recognized when goods or services are received regardless of the year encumbered. A reconciliation of the fund balances under the two bases for the General and special revenue funds follows.

A major difference between GAAP and budgetary fund balances for special revenue funds is an entity difference for those funds which do not require legal appropriations. A reconciliation of this entity difference is presented here (in thousands). Other differences in basis of accounting and perspective (fund structure) are included in the table below (in thousands).

Total GAAP Basis Fund Balances - All Special Revenue Funds	\$414,969
Special Revenue Funds not requiring legal appropriation	<u>143,981</u>
Total GAAP Fund Balances - Appropriated Special Revenue Funds	\$270,988

Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances
June 30, 1988
(in Thousands)

	General	Special Revenue Funds						Total
		Trunk Highway	Highway User Tax Distribution	Other Transportation	Environmental	Natural Resources	Appropriated Miscellaneous	
Total GAAP Fund Balances	\$748,797	\$183,814	\$ 836	\$14,673	\$44,124	\$19,181	\$8,360	\$270,988
Less Reserved Fund Balances	119,757	106,837	2,601	7,596	16,882	6,261	2,553	142,730
Less Designated Fund Balances	61,716	6,993	-	1,588	-	403	-	8,984
Undesignated	\$377,134	\$ 69,984	\$ (1,765)	\$ 5,489	\$27,242	\$12,517	\$5,807	\$119,274
BASIS OF ACCOUNTING DIFFERENCES								
Revenue Accruals/Adjustments:								
Taxes Receivable	(12,391)	-	(1,830)	-	-	-	-	(1,830)
Human Services Receivable	(12,038)	-	-	-	-	-	-	-
Federal Aid Receivable	-	(2,145)	-	-	-	(1,044)	-	(3,189)
Deferred Revenue	44,188	341	273	-	-	-	-	614
Other Receivables	1,363	(2,816)	(37)	(131)	(745)	(2,820)	-	(6,549)
Expenditure Accruals/Adjustments:								
Medical Assistance	56,704	-	-	-	-	-	-	-
Police and Fire Aid	36,994	-	-	-	-	-	-	-
Community Service Grants	12,531	-	-	-	-	-	-	-
Invalid Encumbrances	(2,183)	-	-	1	-	-	-	1
Deferred Costs	1,718	-	-	-	-	-	-	-
Other Payables	10,235	1,867	1,410	-	-	-	-	3,277
Other Financial Sources (Uses):								
Transfers-in	100	-	-	-	-	(2,438)	-	(2,438)
Transfers-out	(84)	-	3,901	-	-	-	-	3,901
Reserved Fund Balances:								
Long-Term Receivables	-	-	-	1,786	-	-	-	1,786
FUND STRUCTURE DIFFERENCES								
Terminally funded pension plans	3,575	-	-	-	-	-	-	-
Undesignated Fund Balances - Budgetary Basis	<u>\$517,846</u>	<u>\$ 67,231</u>	<u>\$ 1,952</u>	<u>\$ 7,145</u>	<u>\$26,497</u>	<u>\$ 6,215</u>	<u>\$5,807</u>	<u>\$114,847</u>

28. BUDGET VS ACTUAL - VARIANCES

On the Combined Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - General Fund and Appropriated Special Revenue Funds - Budgetary Basis, expenditures are sometimes budgeted in one category (e.g., current expenditures) but transferred to, and spent in, another fund causing favorable and unfavorable offsetting variances. Appropriation carryover is not budgeted for some funds because it has no effect on the ending undesignated budgetary fund balance. It is this undesignated budgetary fund balance that indicates whether the budget is in balance.

Special Revenue Funds

Revenues deposited in special revenue funds are dedicated to those funds. Appropriations are based on estimated revenues. When revenue collections are less than the estimates, expenditures must be reduced resulting in unfavorable revenue variances and favorable expenditure variances.

The start of certain large projects of the Trunk Highway Fund was deferred, resulting in reduced federal revenues and a delay in receiving loans from local governments (other financing source). This caused negative revenue and other financing source variances and a positive variance in transportation expenditures.

Fuel tax revenues of the Highway Users Tax Distribution Fund exceeded estimates resulting in a negative variance for transfers-out because the state constitution requires that most of this revenue source be transferred to other transportation related funds.

29. SUBSEQUENT EVENTS

On July 1, 1988, the Minnesota Housing Finance Agency (an enterprise fund) issued \$49,480,000 in variable rate Revenue bonds for the Single Family Program. The interest rate at the date of sale was 5.9%.

On July 6, 1988, \$4,000,000 of general obligation family farm security loan bonds, backed by the full faith and credit of the state of Minnesota were sold at an interest rate of 8.70%. This was the fifth and final sale of an authorized \$20,000,000. Also, \$750,000 of general obligation rural finance authority program bonds, backed by the full faith and credit of the state of Minnesota were sold at an interest rate of 8.95%. This was the second of a series of an authorized \$10,000,000.

On July 7, 1988, \$200,000,000 of general obligation bonds, backed by the full faith and credit of the state of Minnesota, were sold at a true interest cost of 6.64%. \$90,750,000 of the bonds are supported by an increased sales tax on cigarettes and tobacco products and \$21,250,000 are supported by a sales tax on sports and health club fees.

On July 12, 1988, \$5,500,000 of taxable general obligation bonds, backed by full faith and credit of the state of Minnesota were sold at a true interest cost of 9.54%.

On July 13, 1988, the Higher Education Coordinating Board Student Loan Fund defeased the outstanding Guaranteed Student Loan Program bonds and deposited \$248,102,159 in cash and securities into an escrow account to cover principal and interest payments on the outstanding \$232,000,000 par value of bonds as they come due.

On September 23, 1988 the Minnesota Agricultural and Economic Development Board issued \$2,200,000 of industrial revenue bonds. The interest rate was 9.01%. The activity of this board is reported in the Economic Development Authorities Fund, an enterprise fund.

On October 1, 1988, the Minnesota Higher Education Facilities Authority (an enterprise fund) issued \$4,250,000 in revenue bonds. The net effective interest rate at the date of sale was 7.55%.

As required by the constitution and statute, transfers from the funds presented below were made on November 1, and December 1, 1988, to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1990.

General	\$122,639,402
Trunk Highway	7,436,968
Game and Fish	29,526
Maximum Effort School Loan	2,861,102
Nonappropriated Miscellaneous Special Revenue	<u>34,943,785</u>
Total Transfers to Debt Service	\$167,910,783

The Maximum Effort School Loan Fund (a special revenue fund) did not have a sufficient balance in its loan repayment account to make the total required debt service transfer on November 1. The Laws of 1987, Chapter 398, Article 6, appropriated funds from the General Fund for this purpose, and \$1,328,178 was provided and is included in the General Fund transfers above.

On November 7, 1988, the Minnesota Agricultural and Economic Development Board issued \$1,875,000 of industrial revenue bonds. The interest rate was 9.00%. The activity of this board is reported in the Economic Development Authorities Fund, an enterprise fund.

Combining
Financial Statements

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes. A description of individual funds within this fund type follows.

The **Trunk Highway Fund** is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **Highway User Tax Distribution Fund** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **Other Transportation Funds** include two smaller transportation related funds.

State Airports Fund uses revenue from aviation related taxes and fees to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

Transit Assistance Fund accounts for assistance provided to support and improve mass transportation.

The **Federal Fund** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **Environmental Fund** accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

The **Natural Resources Funds** include three funds created for the purposes of preserving and improving the state's natural resources.

Minnesota Resources Fund receives a portion of the cigarette and tobacco taxes which are appropriated for various natural resource development purposes.

Water Recreation Fund receives marine gasoline taxes and watercraft registration permit fees which are appropriated for various water recreation related programs.

Game and Fish Fund receives revenues from license fees and fines related to hunting and fishing which are spent for related purposes.

SPECIAL REVENUE FUNDS (continued)

The ~~Maximum~~ Effort School Loan Fund receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The Special Workers Compensation Fund provides reimbursement for supplemental workers compensation benefits paid.

The Iron Range Resources and Rehabilitation Fund receives revenues from taconite taxes which are used to promote economic development in northeastern Minnesota.

The Appropriated Miscellaneous Special Revenue Funds include two smaller funds.

Public Health Fund receives a portion of cigarette and tobacco taxes which are appropriated for public health related purposes.

Direct Appropriated Fund is made up of numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

The Nonappropriated Miscellaneous Special Revenue Fund includes numerous smaller accounts whose revenues are dedicated to a variety of specific purposes.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
ASSETS					
Cash and Investments.....	\$179,009	\$ 7,109	\$13,091	\$ 22,102	\$43,996
Accounts Receivable.....	5,172	5,526	504	13,182	78
Interfund Receivables.....	5,625	4,407	399	5,734	2,269
Accrued Income.....	-	-	-	-	-
Federal Aid Receivable.....	47,964	-	-	141,989	-
Inventories.....	13,109	-	-	-	-
Deferred Costs.....	-	-	-	1,599	-
Loans Receivable.....	-	-	1,855	-	428
Total Assets.....	\$250,879	\$17,042	\$15,849	\$184,606	\$46,771
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 65,808	\$ 2,793	\$ 1,176	\$153,864	\$ 2,616
Interfund Payables.....	916	13,140	-	9,702	31
Payable to Other Governmental Units.....	-	-	-	8,478	-
Deferred Revenue.....	341	273	-	12,562	-
Advances from Other Funds.....	-	-	-	-	-
Total Liabilities.....	\$ 67,065	\$16,206	\$ 1,176	\$184,606	\$ 2,647
Fund Balances:					
Reserved for Encumbrances.....	\$ 18,792	\$ 2,601	\$ 5,810	\$ -	\$ 3,485
Reserved for Inventory.....	13,109	-	-	-	-
Reserved for Long-Term Receivables.....	-	-	1,786	-	-
Reserved for Long-Term Commitments.....	74,936	-	-	-	13,397
Reserved for Other.....	-	-	-	-	-
Total Reserved Fund Balances.....	\$106,837	\$ 2,601	\$ 7,596	\$ -	\$16,882
Unreserved Fund Balances:					
Designated for Appropriation Carryover.....	\$ 6,993	\$ -	\$ 1,588	\$ -	\$ -
Designated for Fund Purposes.....	-	-	-	-	-
Undesignated.....	69,984	(1,765)	5,489	-	27,242
Total Unreserved Fund Balances.....	\$ 76,977	\$(1,765)	\$ 7,077	\$ -	\$27,242
Total Fund Balances.....	\$183,814	\$ 836	\$14,673	\$ -	\$44,124
Total Liabilities and Fund Balances..	\$250,879	\$17,042	\$15,849	\$184,606	\$46,771

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS APPROPRIATED	SPECIAL REVENUE NONAPPROPRIATED	COMBINED TOTALS
\$15,131	\$ 1,489	\$ 9,603	\$15,178	\$11,302	\$147,421	\$465,431
2,837	-	28	187	76	12,760	40,350
3,510	-	-	290	1,831	6,682	30,747
-	390	-	-	-	83	473
1,044	-	-	-	-	-	190,997
-	-	-	-	-	10,198	23,307
-	-	-	-	-	388	1,987
-	31,142	-	990	-	25,627	60,042
<u>\$22,522</u>	<u>\$33,021</u>	<u>\$ 9,631</u>	<u>\$16,645</u>	<u>\$13,209</u>	<u>\$203,159</u>	<u>\$813,334</u>
\$ 3,260	\$ -	\$ 75,460	\$ 750	\$ 1,822	\$ 11,093	\$318,642
81	431	-	-	3,027	30,532	57,860
-	-	-	-	-	-	8,478
-	-	-	-	-	56	13,232
-	-	-	-	-	153	153
<u>\$ 3,341</u>	<u>\$ 431</u>	<u>\$ 75,460</u>	<u>\$ 750</u>	<u>\$ 4,849</u>	<u>\$ 41,834</u>	<u>\$398,365</u>
\$ 6,261	\$ -	\$ 565	\$ 1,348	\$ 2,553	\$ 30,312	\$ 71,727
-	-	-	-	-	10,198	23,307
-	31,142	-	699	-	25,627	59,254
-	-	-	770	-	-	89,103
-	-	-	-	-	40,616	40,616
<u>\$ 6,261</u>	<u>\$31,142</u>	<u>\$ 565</u>	<u>\$ 2,817</u>	<u>\$ 2,553</u>	<u>\$106,753</u>	<u>\$284,007</u>
\$ 403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,984
-	1,448	-	13,078	-	54,572	69,098
12,517	-	(66,394)	-	5,807	-	52,880
<u>\$12,920</u>	<u>\$ 1,448</u>	<u>\$(66,394)</u>	<u>\$13,078</u>	<u>\$ 5,807</u>	<u>\$ 54,572</u>	<u>\$130,962</u>
\$19,181	\$32,590	\$(65,829)	\$15,895	\$ 8,360	\$161,325	\$414,969
<u>\$22,522</u>	<u>\$33,021</u>	<u>\$ 9,631</u>	<u>\$16,645</u>	<u>\$13,209</u>	<u>\$203,159</u>	<u>\$813,334</u>

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	TRUNK HIGHWAY	HIGHWAY USER TAX DISTRIBUTION	OTHER TRANSPORTATION	FEDERAL	ENVIRONMENTAL
Net Revenues:					
Corporate Income Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle License Taxes.....	-	253,788	-	-	-
Fuel Taxes.....	-	384,118	2,630	-	-
Other Taxes.....	-	-	9,197	-	21,036
Federal Revenues.....	227,661	-	-	1,565,707	38
License Fees.....	-	-	4,462	-	-
Care and Hospitalization.....	-	-	-	-	-
Tuition and Student Fees.....	-	-	-	-	-
Investment Income.....	11,754	-	993	12	1,395
Other Revenues.....	51,493	3,588	1,012	9,702	10,487
Net Revenues.....	\$ 290,908	\$ 641,494	\$ 18,294	\$ 1,575,421	\$ 32,956
Expenditures:					
Current:					
Protection of Persons and Property....	\$ 47,914	\$ 8,716	\$ -	\$ 14,525	\$ -
Transportation.....	247,531	337	3,995	708	75
Resource Management.....	-	-	-	14,805	5,260
Economic and Manpower Development....	-	-	-	78,550	311
Education.....	6	-	-	19,289	-
Health and Social Services.....	619	-	-	37,303	147
General Government.....	647	1,473	-	1,977	9
Total Current Expenditures.....	\$ 296,717	\$ 10,526	\$ 3,995	\$ 167,157	\$ 5,802
Capital Outlay.....	387,081	101	289	15,390	65
Grants and Subsidies.....	843	8	12,584	1,392,370	13,480
Total Expenditures.....	\$ 684,641	\$ 10,635	\$ 16,868	\$ 1,574,917	\$ 19,347
Excess of Revenues Over (Under) Expenditures.....	\$ (393,733)	\$ 630,859	\$ 1,426	\$ 504	\$ 13,609
Other Financing Sources (Uses):					
General Obligation Bonds.....	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers-In.....	388,036	8,661	3,007	8	-
Operating Transfers to Debt Service....	(11,313)	-	-	-	-
Other Operating Transfers-Out.....	-	(639,423)	-	(220)	(10,270)
Capital Leases.....	-	-	-	-	-
Other Sources (Uses).....	19,801	-	-	-	-
Net Other Financing Sources (Uses)....	\$ 396,524	\$ (630,762)	\$ 3,007	\$ (212)	\$ (10,270)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 2,791	\$ 97	\$ 4,433	\$ 292	\$ 3,339
Fund Balances, July 1, 1987, as Reported..	181,654	739	10,240	136	39,310
Residual Equity Transfers-In.....	-	-	-	-	1,475
Residual Equity Transfers-Out.....	-	-	-	(428)	-
Changes in Inventory.....	(631)	-	-	-	-
Fund Balances, June 30, 1988.....	\$ 183,814	\$ 836	\$ 14,673	\$ -	\$ 44,124

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

NATURAL RESOURCES	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	IRON RANGE RESOURCES AND REHABILITATION	MISCELLANEOUS APPROPRIATED	SPECIAL REVENUE NONAPPROPRIATED	COMBINED TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 4,618	\$ -	\$ 4,618
-	-	-	-	-	-	253,788
-	-	-	-	-	-	386,748
7,906	-	91,164	7,584	7,906	11,586	156,379
8,854	-	-	-	2,459	11,659	1,816,378
31,419	-	-	-	9,797	14,967	60,645
-	-	-	-	4,666	-	4,666
-	-	-	-	-	4,974	4,974
579	1,474	1,416	1,064	-	7,307	25,994
662	-	700	1,308	4,784	73,333	157,069
<u>\$49,420</u>	<u>\$ 1,474</u>	<u>\$ 93,280</u>	<u>\$ 9,956</u>	<u>\$34,230</u>	<u>\$123,826</u>	<u>\$2,871,259</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,046	\$ 75,201
-	-	-	-	-	-	252,646
40,995	-	-	-	2,655	17,097	80,812
121	-	6,561	5,322	1,522	14,803	107,190
35	-	-	-	58	7,883	27,271
-	-	-	-	18,891	22,229	79,189
252	-	2,911	-	8,180	11,066	26,515
<u>\$41,403</u>	<u>\$ -</u>	<u>\$ 9,472</u>	<u>\$ 5,322</u>	<u>\$31,306</u>	<u>\$ 77,124</u>	<u>\$ 648,824</u>
2,893	-	680	764	567	11,113	418,943
6,123	-	85,390	2,779	1,657	65,411	1,580,645
<u>\$50,419</u>	<u>\$ -</u>	<u>\$ 95,542</u>	<u>\$ 8,865</u>	<u>\$33,530</u>	<u>\$153,648</u>	<u>\$2,648,412</u>
\$ (999)	\$ 1,474	\$ (2,262)	\$ 1,091	\$ 700	\$ (29,822)	\$ 222,847
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ 10,500
5,194	-	-	662	6,353	45,442	457,363
(37)	(1,665)	-	-	-	(8,856)	(21,871)
(162)	-	-	-	-	(4,923)	(654,998)
-	-	409	-	-	1,842	2,251
-	-	-	-	-	-	19,801
<u>\$ 4,995</u>	<u>\$ (1,665)</u>	<u>\$ 409</u>	<u>\$ 662</u>	<u>\$ 6,353</u>	<u>\$ 44,005</u>	<u>\$ (186,954)</u>
\$ 3,996	\$ (191)	\$ (1,853)	\$ 1,753	\$ 7,053	\$ 14,183	\$ 35,893
15,181	32,781	(63,976)	14,187	2,646	141,860	374,758
4	-	-	-	759	12,161	14,399
-	-	-	(45)	(2,098)	(100)	(2,671)
-	-	-	-	-	(6,779)	(7,410)
<u>\$19,181</u>	<u>\$32,590</u>	<u>\$ (65,829)</u>	<u>\$15,895</u>	<u>\$ 8,360</u>	<u>\$161,325</u>	<u>\$ 414,969</u>

STATE OF MINNESOTA
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
APPROPRIATED SPECIAL REVENUE FUNDS - BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	TRUNK HIGHWAY FUND			HIGHWAY USER TAX DISTRIBUTION FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:						
Corporate Income Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Vehicle License Taxes.....	-	-	-	238,778	251,220	12,442
Fuel Taxes.....	-	-	-	360,312	384,997	24,685
Other Taxes.....	-	-	-	-	-	-
Federal Revenues.....	341,635	311,871	(29,764)	-	-	-
License Fees.....	-	-	-	-	-	-
Care and Hospitalization.....	-	-	-	-	-	-
Investment Income.....	9,360	11,886	2,526	-	-	-
Other Revenues.....	32,986	55,162	22,176	2,845	3,550	705
Net Revenues.....	\$ 383,981	\$ 378,919	\$ (5,062)	\$ 601,935	\$ 639,767	\$ 37,832
Expenditures:						
Protection of Persons and Property.....	\$ 54,034	\$ 52,228	\$ 1,806	\$ 8,930	\$ 8,320	\$ 610
Transportation.....	775,144	702,620	72,524	337	337	-
Resource Management.....	-	-	-	-	-	-
Economic and Manpower Development.....	-	-	-	-	-	-
Education.....	21	22	(1)	-	-	-
Health and Social Services.....	626	746	(120)	-	-	-
General Government.....	6,517	1,077	5,440	1,535	1,535	-
Total Expenditures.....	\$ 836,342	\$ 756,693	\$ 79,649	\$ 10,802	\$ 10,192	\$ 610
Excess of Revenues Over (Under)						
Expenditures.....	\$(452,361)	\$(377,774)	\$ 74,587	\$ 591,133	\$ 629,575	\$ 38,442
Other Sources (Uses):						
Operating Transfers-In.....	\$ 359,784	\$ 388,050	\$ 28,266	\$ 8,411	\$ 8,661	\$ 250
Operating Transfers to Debt Service.....	(11,089)	(11,327)	(238)	-	-	-
Other Operating Transfers-Out.....	1,080	1,080	-	(593,184)	(639,912)	(46,728)
Loan Proceeds.....	64,000	6,024	(57,976)	-	-	-
Net Other Sources (Uses).....	\$ 413,775	\$ 383,827	\$(29,948)	\$(584,773)	\$(631,251)	\$(46,478)
Excess of Revenues and Other Sources Over						
(Under) Expenditures and Other Uses.....	\$ (38,586)	\$ 6,053	\$ 44,639	\$ 6,360	\$ (1,676)	\$ (8,036)
Fund Balances, July 1, 1987.....	65,888	65,888	-	2,881	2,881	-
Prior Year Adjustments.....	2,098	2,283	185	-	747	747
Total Fund Balances, June 30, 1988.....	\$ 29,400	\$ 74,224	\$ 44,824	\$ 9,241	\$ 1,952	\$ (7,289)
Less Appropriation Carryover.....	6,993	6,993	-	-	-	-
Undesignated Fund Balances,						
June 30, 1988.....	\$ 22,407	\$ 67,231	\$ 44,824	\$ 9,241	\$ 1,952	\$ (7,289)

STATE OF MINNESOTA
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
APPROPRIATED SPECIAL REVENUE FUNDS - BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

OTHER TRANSPORTATION FUNDS			ENVIRONMENTAL FUND			NATURAL RESOURCES FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,200	2,507	307	-	-	-	-	-	-
9,056	8,992	(64)	20,876	21,048	172	7,887	7,906	19
-	-	-	-	38	38	7,948	8,821	873
4,307	4,462	155	-	-	-	31,606	30,965	(641)
-	-	-	-	-	-	-	-	-
500	993	493	360	1,412	1,052	600	579	(21)
677	1,013	336	9,669	10,458	789	685	661	(24)
<u>\$16,740</u>	<u>\$17,967</u>	<u>\$1,227</u>	<u>\$ 30,905</u>	<u>\$ 32,956</u>	<u>\$2,051</u>	<u>\$48,726</u>	<u>\$48,932</u>	<u>\$ 206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,610	17,956	2,654	869	770	99	-	-	-
-	-	-	25,031	21,033	3,998	48,067	47,951	116
-	-	-	358	316	42	262	262	-
-	-	-	-	-	-	3,136	3,136	-
-	-	-	159	147	12	-	-	-
-	-	-	9	9	-	772	756	16
<u>\$20,610</u>	<u>\$17,956</u>	<u>\$2,654</u>	<u>\$ 26,426</u>	<u>\$ 22,275</u>	<u>\$4,151</u>	<u>\$52,237</u>	<u>\$52,105</u>	<u>\$ 132</u>
<u>\$(3,870)</u>	<u>\$ 11</u>	<u>\$3,881</u>	<u>\$ 4,479</u>	<u>\$ 10,681</u>	<u>\$6,202</u>	<u>\$(3,511)</u>	<u>\$(3,173)</u>	<u>\$ 338</u>
\$ 2,804	\$ 3,007	\$ 203	\$ 5,729	\$ 6,213	\$ 484	\$ 5,000	\$ 4,974	\$ (26)
-	-	-	(14,770)	(14,770)	-	(199)	(200)	(1)
-	-	-	-	-	-	-	-	-
<u>\$ 2,804</u>	<u>\$ 3,007</u>	<u>\$ 203</u>	<u>\$ (9,041)</u>	<u>\$ (8,557)</u>	<u>\$ 484</u>	<u>\$ 4,801</u>	<u>\$ 4,774</u>	<u>\$ (27)</u>
\$ (1,066)	\$ 3,018	\$4,084	\$ (4,562)	\$ 2,124	\$6,686	\$ 1,290	\$ 1,601	\$ 311
5,324	5,324	-	24,974	24,974	-	4,564	4,564	-
-	391	391	-	424	424	317	453	136
<u>\$ 4,258</u>	<u>\$ 8,733</u>	<u>\$4,475</u>	<u>\$ 20,412</u>	<u>\$ 27,522</u>	<u>\$7,110</u>	<u>\$ 6,171</u>	<u>\$ 6,618</u>	<u>\$ 447</u>
1,582	1,588	(6)	1,025	1,025	-	244	403	(159)
<u>\$ 2,676</u>	<u>\$ 7,145</u>	<u>\$4,469</u>	<u>\$ 19,387</u>	<u>\$ 26,497</u>	<u>\$7,110</u>	<u>\$ 5,927</u>	<u>\$ 6,215</u>	<u>\$ 288</u>

MISCELLANEOUS SPECIAL REVENUE APPROPRIATED FUNDS			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 4,618	\$ 4,618	\$ -	\$ 4,618	\$ 4,618	\$ -
-	-	-	238,778	251,220	12,442
-	-	-	362,512	387,504	24,992
7,984	7,906	(78)	45,803	45,852	49
2,750	2,459	(291)	352,333	323,189	(29,144)
9,986	9,800	(186)	45,899	45,227	(672)
4,750	4,663	(87)	4,750	4,663	(87)
-	-	-	10,820	14,870	4,050
3,194	4,787	1,593	50,056	75,631	25,575
<u>\$33,282</u>	<u>\$34,233</u>	<u>\$ 951</u>	<u>\$1,115,569</u>	<u>\$1,152,774</u>	<u>\$ 37,205</u>
\$ -	\$ -	\$ -	\$ 62,964	\$ 60,548	\$ 2,416
-	-	-	796,960	721,683	75,277
2,792	2,736	56	75,890	71,720	4,170
1,616	1,505	111	2,236	2,083	153
693	694	(1)	3,850	3,852	(2)
25,847	20,666	5,181	26,632	21,559	5,073
10,074	9,683	391	18,907	13,060	5,847
<u>\$41,022</u>	<u>\$35,284</u>	<u>\$ 5,738</u>	<u>\$ 987,439</u>	<u>\$ 894,505</u>	<u>\$ 92,934</u>
<u>\$(7,740)</u>	<u>\$(1,051)</u>	<u>\$ 6,689</u>	<u>\$ 128,130</u>	<u>\$ 258,269</u>	<u>\$130,139</u>
\$ 7,112	\$ 7,112	\$ -	\$ 388,840	\$ 418,017	\$ 29,177
-	-	-	(11,089)	(11,327)	(238)
(2,098)	(2,098)	-	(609,171)	(655,900)	(46,729)
-	-	-	64,000	6,024	(57,976)
<u>\$ 5,014</u>	<u>\$ 5,014</u>	<u>\$ -</u>	<u>\$ (167,420)</u>	<u>\$ (243,186)</u>	<u>\$(75,766)</u>
\$(2,726)	\$ 3,963	\$ 6,689	\$ (39,290)	\$ 15,083	\$ 54,373
1,706	1,706	-	105,337	105,337	-
2,938	138	(2,800)	5,353	4,436	(917)
\$ 1,918	\$ 5,807	\$ 3,889	\$ 71,400	\$ 124,856	\$ 53,456
-	-	-	9,844	10,009	(165)
<u>\$ 1,918</u>	<u>\$ 5,807</u>	<u>\$ 3,889</u>	<u>\$ 61,556</u>	<u>\$ 114,847</u>	<u>\$ 53,291</u>

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	STATE AIRPORTS	TRANSIT ASSISTANCE	COMBINED TOTALS
ASSETS			
Cash and Investments.....	\$12,338	\$ 753	\$13,091
Accounts Receivable.....	459	45	504
Interfund Receivables.....	79	320	399
Loans Receivable.....	<u>1,855</u>	<u>-</u>	<u>1,855</u>
Total Assets.....	<u>\$14,731</u>	<u>\$1,118</u>	<u>\$15,849</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable.....	\$ 1,021	\$ 155	\$ 1,176
Total Liabilities.....	<u>\$ 1,021</u>	<u>\$ 155</u>	<u>\$ 1,176</u>
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances.....	\$ 5,544	\$ 266	\$ 5,810
Reserved for Long-Term Receivables.....	<u>1,786</u>	<u>-</u>	<u>1,786</u>
Total Reserved Fund Balances.....	<u>\$ 7,330</u>	<u>\$ 266</u>	<u>\$ 7,596</u>
Unreserved Fund Balances:			
Designated for Appropriation Carryover.....	\$ 1,588	\$ -	\$ 1,588
Undesignated.....	<u>4,792</u>	<u>697</u>	<u>5,489</u>
Total Unreserved Fund Balances.....	<u>\$ 6,380</u>	<u>\$ 697</u>	<u>\$ 7,077</u>
Total Fund Balances.....	<u>\$13,710</u>	<u>\$ 963</u>	<u>\$14,673</u>
Total Liabilities and Fund Balances.....	<u>\$14,731</u>	<u>\$1,118</u>	<u>\$15,849</u>

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	STATE AIRPORTS	TRANSIT ASSISTANCE	COMBINED TOTALS
Net Revenues:			
Fuel Taxes.....	\$ 2,630	\$ -	\$ 2,630
Air Carrier Taxes.....	9,197	-	9,197
License Fees.....	-	4,462	4,462
Investment Income.....	757	236	993
Other Revenues.....	1,012	-	1,012
Net Revenues.....	<u>\$13,596</u>	<u>\$ 4,698</u>	<u>\$18,294</u>
Expenditures:			
Current:			
Transportation.....	\$ 3,980	\$ 15	\$ 3,995
Total Current Expenditures.....	\$ 3,980	\$ 15	\$ 3,995
Capital Outlay.....	289	-	289
Grants and Subsidies.....	4,585	7,999	12,584
Total Expenditures.....	<u>\$ 8,854</u>	<u>\$ 8,014</u>	<u>\$16,868</u>
Excess of Revenues Over (Under) Expenditures.....	<u>\$ 4,742</u>	<u>\$(3,316)</u>	<u>\$ 1,426</u>
Other Financing Sources:			
Operating Transfers-In.....	\$ -	\$ 3,007	\$ 3,007
Total Other Financing Sources.....	<u>\$ -</u>	<u>\$ 3,007</u>	<u>\$ 3,007</u>
Excess of Revenues and Other Sources Over (Under) Expenditure.....	<u>\$ 4,742</u>	<u>\$ (309)</u>	<u>\$ 4,433</u>
Fund Balances, July 1, 1987.....	<u>8,968</u>	<u>1,272</u>	<u>10,240</u>
Fund Balances, June 30, 1988.....	<u>\$13,710</u>	<u>\$ 963</u>	<u>\$14,673</u>

STATE OF MINNESOTA
OTHER TRANSPORTATION FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	STATE AIRPORTS			TRANSIT ASSISTANCE			COMBINED TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:									
Fuel Taxes.....	\$ 2,200	\$ 2,507	\$ 307	\$ -	\$ -	\$ -	\$ 2,200	\$ 2,507	\$ 307
Air Carrier Taxes.....	9,056	8,992	(64)	-	-	-	9,056	8,992	(64)
License Fees.....	-	-	-	4,307	4,462	155	4,307	4,462	155
Investment Income.....	500	757	257	-	236	236	500	993	493
Other Revenues.....	677	1,013	336	-	-	-	677	1,013	336
Net Revenues.....	\$12,433	\$13,269	\$ 836	\$ 4,307	\$ 4,698	\$ 391	\$16,740	\$17,967	\$1,227
Expenditures:									
Transportation.....	\$12,510	\$10,151	\$2,359	\$ 8,100	\$ 7,805	\$ 295	\$20,610	\$17,956	\$2,654
Total Expenditures.....	\$12,510	\$10,151	\$2,359	\$ 8,100	\$ 7,805	\$ 295	\$20,610	\$17,956	\$2,654
Excess of Revenues Over (Under)									
Expenditures.....	\$ (77)	\$ 3,118	\$3,195	\$(3,793)	\$(3,107)	\$ 686	\$(3,870)	\$ 11	\$3,881
Other Financing Sources:									
Operating Transfers-In.....	\$ -	\$ -	\$ -	\$ 2,804	\$ 3,007	\$ 203	\$ 2,804	\$ 3,007	\$ 203
Total Other Financing Sources.....	\$ -	\$ -	\$ -	\$ 2,804	\$ 3,007	\$ 203	\$ 2,804	\$ 3,007	\$ 203
Excess of Revenues and Other Sources									
Over (Under) Expenditures.....	\$ (77)	\$ 3,118	\$3,195	\$ (989)	\$ (100)	\$ 889	\$(1,066)	\$ 3,018	\$4,084
Fund Balances, July 1, 1987.....	4,677	4,677	-	647	647	-	5,324	5,324	-
Prior Year Adjustments.....	-	240	240	-	151	151	-	391	391
Fund Balances, June 30, 1988.....	\$ 4,600	\$ 8,035	\$3,435	\$ (342)	\$ 698	\$1,040	\$ 4,258	\$ 8,733	\$4,475
Less Appropriation Carryover.....	1,582	1,588	(6)	-	-	-	1,582	1,588	(6)
Undesignated Fund Balances,									
June 30, 1988.....	\$ 3,018	\$ 6,447	\$3,429	\$ (342)	\$ 698	\$1,040	\$ 2,676	\$ 7,145	\$4,469

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA RESOURCES	WATER RECREATION	GAME AND FISH	COMBINED TOTALS
ASSETS				
Cash.....	\$4,919	\$3,303	\$ 6,909	\$15,131
Accounts Receivable.....	7	123	2,707	2,837
Interfund Receivables.....	1,072	2,438	-	3,510
Federal Aid Receivable.....	-	-	1,044	1,044
Total Assets.....	<u>\$5,998</u>	<u>\$5,864</u>	<u>\$10,660</u>	<u>\$22,522</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 727	\$ 384	\$ 2,149	\$ 3,260
Interfund Payables.....	-	81	-	81
Total Liabilities.....	<u>\$ 727</u>	<u>\$ 465</u>	<u>\$ 2,149</u>	<u>\$ 3,341</u>
Fund Balances:				
Reserved Fund Balances:				
Reserved for Encumbrances.....	\$ 658	\$1,728	\$ 3,875	\$ 6,261
Total Reserved Fund Balances.....	<u>\$ 658</u>	<u>\$1,728</u>	<u>\$ 3,875</u>	<u>\$ 6,261</u>
Unreserved Fund Balances:				
Designated for Appropriation Carryover.....	\$ -	\$ 1	\$ 402	\$ 403
Undesignated.....	4,613	3,670	4,234	12,517
Total Unreserved Fund Balances.....	<u>\$4,613</u>	<u>\$3,671</u>	<u>\$ 4,636</u>	<u>\$12,920</u>
Total Fund Balances.....	<u>\$5,271</u>	<u>\$5,399</u>	<u>\$ 8,511</u>	<u>\$19,181</u>
Total Liabilities and Fund Balances.....	<u>\$5,998</u>	<u>\$5,864</u>	<u>\$10,660</u>	<u>\$22,522</u>

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA RESOURCES	WATER RECREATION	GAME AND FISH	COMBINED TOTALS
Net Revenues:				
Tobacco Taxes.....	\$ 7,906	\$ -	\$ -	\$ 7,906
Federal Revenues.....	-	-	8,854	8,854
License Fees.....	-	2,612	28,807	31,419
Investment Income.....	-	-	579	579
Other Revenues.....	24	36	602	662
Net Revenues.....	<u>\$ 7,930</u>	<u>\$ 2,648</u>	<u>\$38,842</u>	<u>\$49,420</u>
Expenditures:				
Current:				
Resource Management.....	\$ 1,892	\$ 4,712	\$34,391	\$40,995
Economic and Manpower Development.....	121	-	-	121
Education.....	35	-	-	35
General Government.....	252	-	-	252
Total Current Expenditures.....	<u>\$ 2,300</u>	<u>\$ 4,712</u>	<u>\$34,391</u>	<u>\$41,403</u>
Capital Outlay.....	137	823	1,933	2,893
Grants and Subsidies.....	4,105	1,126	892	6,123
Total Expenditures.....	<u>\$ 6,542</u>	<u>\$ 6,661</u>	<u>\$37,216</u>	<u>\$50,419</u>
Excess of Revenues Over (Under) Expenditures...	<u>\$ 1,388</u>	<u>\$(4,013)</u>	<u>\$ 1,626</u>	<u>\$ (999)</u>
Other Financing Sources (Uses):				
Operating Transfers-In.....	\$ 221	\$ 4,973	\$ -	\$ 5,194
Operating Transfers to Debt Service.....	-	-	(37)	(37)
Other Operating Transfers-Out.....	(162)	-	-	(162)
Net Other Financing Sources (Uses).....	<u>\$ 59</u>	<u>\$ 4,973</u>	<u>\$ (37)</u>	<u>\$ 4,995</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	<u>\$ 1,447</u>	<u>\$ 960</u>	<u>\$ 1,589</u>	<u>\$ 3,996</u>
Fund Balances, July 1, 1987.....	3,824	4,435	6,922	15,181
Residual Equity Transfers-In.....	-	4	-	4
Fund Balances, June 30, 1988.....	<u>\$ 5,271</u>	<u>\$ 5,399</u>	<u>\$ 8,511</u>	<u>\$19,181</u>

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA RESOURCES			WATER RECREATION
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET
Net Revenues:				
Tobacco Taxes.....	\$7,887	\$7,906	\$ 19	\$ -
Federal Revenues.....	-	-	-	-
License Fees.....	-	-	-	2,400
Investment Income.....	-	-	-	-
Other Revenues.....	-	24	24	31
Net Revenues.....	<u>\$7,887</u>	<u>\$7,930</u>	<u>\$ 43</u>	<u>\$ 2,431</u>
Expenditures:				
Resource Management.....	\$2,258	\$2,258	\$ -	\$ 7,308
Economic and Manpower Development.....	262	262	-	-
Education.....	3,136	3,136	-	-
General Government.....	756	756	-	-
Total Expenditures.....	<u>\$6,412</u>	<u>\$6,412</u>	<u>\$ -</u>	<u>\$ 7,308</u>
Excess of Revenues Over (Under) Expenditures.....	<u>\$1,475</u>	<u>\$1,518</u>	<u>\$ 43</u>	<u>\$(4,877)</u>
Other Sources (Uses):				
Operating Transfers-In.....	\$ 221	\$ 221	\$ -	\$ 4,749
Operating Transfers-Out.....	(162)	(162)	-	-
Net Other Sources (Uses).....	<u>\$ 59</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 4,749</u>
Excess of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses.....	\$1,534	\$1,577	\$ 43	\$ (128)
Fund Balances, July 1, 1987.....	2,925	2,925	-	807
Prior Year Adjustments.....	-	111	111	42
Fund Balances, June 30, 1988.....	<u>\$4,459</u>	<u>\$4,613</u>	<u>\$154</u>	<u>\$ 721</u>
Less Appropriation Carryover.....	-	-	-	-
Undesignated Fund Balances, June 30, 1988.....	<u>\$4,459</u>	<u>\$4,613</u>	<u>\$154</u>	<u>\$ 721</u>

STATE OF MINNESOTA
NATURAL RESOURCES FUNDS
COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

WATER RECREATION (Cont.)		GAME AND FISH			COMBINED TOTALS		
ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,887	\$ 7,906	\$ 19
-	-	7,948	8,821	873	7,948	8,821	873
2,703	303	29,206	28,262	(944)	31,606	30,965	(641)
-	-	600	579	(21)	600	579	(21)
35	4	654	602	(52)	685	661	(24)
<u>\$ 2,738</u>	<u>\$307</u>	<u>\$38,408</u>	<u>\$38,264</u>	<u>\$ (144)</u>	<u>\$48,726</u>	<u>\$48,932</u>	<u>\$ 206</u>
\$ 7,235	\$ 73	\$38,501	\$38,458	\$ 43	\$48,067	\$47,951	\$ 116
-	-	-	-	-	262	262	-
-	-	-	-	-	3,136	3,136	-
-	-	16	-	16	772	756	16
<u>\$ 7,235</u>	<u>\$ 73</u>	<u>\$38,517</u>	<u>\$38,458</u>	<u>\$ 59</u>	<u>\$52,237</u>	<u>\$52,105</u>	<u>\$ 132</u>
<u>\$(4,497)</u>	<u>\$380</u>	<u>\$ (109)</u>	<u>\$ (194)</u>	<u>\$ (85)</u>	<u>\$(3,511)</u>	<u>\$(3,173)</u>	<u>\$ 338</u>
\$ 4,753	\$ 4	\$ 30	\$ -	\$ (30)	\$ 5,000	\$ 4,974	\$ (26)
-	-	(37)	(38)	(1)	(199)	(200)	(1)
<u>\$ 4,753</u>	<u>\$ 4</u>	<u>\$ (7)</u>	<u>\$ (38)</u>	<u>\$ (31)</u>	<u>\$ 4,801</u>	<u>\$ 4,774</u>	<u>\$ (27)</u>
\$ 256	\$384	\$ (116)	\$ (232)	\$(116)	\$ 1,290	\$ 1,601	\$ 311
807	-	832	832	-	4,564	4,564	-
47	5	275	295	20	317	453	136
<u>\$ 1,110</u>	<u>\$389</u>	<u>\$ 991</u>	<u>\$ 895</u>	<u>\$ (96)</u>	<u>\$ 6,171</u>	<u>\$ 6,618</u>	<u>\$ 447</u>
<u>1</u>	<u>(1)</u>	<u>244</u>	<u>402</u>	<u>(158)</u>	<u>244</u>	<u>403</u>	<u>(159)</u>
<u>\$ 1,109</u>	<u>\$388</u>	<u>\$ 747</u>	<u>\$ 493</u>	<u>\$(254)</u>	<u>\$ 5,927</u>	<u>\$ 6,215</u>	<u>\$ 288</u>

STATE OF MINNESOTA
 APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1988
 (IN THOUSANDS)

	PUBLIC HEALTH	DIRECT APPROPRIATED	COMBINED TOTALS
ASSETS			
Cash and Investments.....	\$5,018	\$6,284	\$11,302
Accounts Receivable.....	10	66	76
Interfund Receivables.....	<u>1,831</u>	<u>-</u>	<u>1,831</u>
Total Assets.....	<u>\$6,859</u>	<u>\$6,350</u>	<u>\$13,209</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable.....	\$ 545	\$1,277	\$ 1,822
Interfund Payables.....	<u>-</u>	<u>3,027</u>	<u>3,027</u>
Total Liabilities.....	<u>\$ 545</u>	<u>\$4,304</u>	<u>\$ 4,849</u>
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances.....	\$ 507	\$2,046	\$ 2,553
Total Reserved Fund Balances.....	<u>\$ 507</u>	<u>\$2,046</u>	<u>\$ 2,553</u>
Unreserved Fund Balances:			
Undesignated.....	<u>\$5,807</u>	<u>\$ -</u>	<u>\$ 5,807</u>
Total Unreserved Fund Balances.....	<u>\$5,807</u>	<u>\$ -</u>	<u>\$ 5,807</u>
Total Fund Balances.....	<u>\$6,314</u>	<u>\$2,046</u>	<u>\$ 8,360</u>
Total Liabilities and Fund Balances.....	<u>\$6,859</u>	<u>\$6,350</u>	<u>\$13,209</u>

STATE OF MINNESOTA
APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	PUBLIC HEALTH	DIRECT APPROPRIATED	COMBINED TOTALS
Net Revenues:			
Corporate Income Taxes.....	\$ -	\$ 4,618	\$ 4,618
Tobacco Taxes.....	7,906	-	7,906
Federal Revenues.....	-	2,459	2,459
License Fees.....	-	9,797	9,797
Care and Hospitalization.....	-	4,666	4,666
Other Revenues.....	12	4,772	4,784
Net Revenues.....	<u>\$7,918</u>	<u>\$26,312</u>	<u>\$34,230</u>
Expenditures:			
Current:			
Resource Management.....	\$ 193	\$ 2,462	\$ 2,655
Economic and Manpower Development.....	-	1,522	1,522
Education.....	58	-	58
Health and Social Services.....	2,711	16,180	18,891
General Government.....	-	8,180	8,180
Total Current Expenditures.....	<u>\$2,962</u>	<u>\$28,344</u>	<u>\$31,306</u>
Capital Outlay.....	60	507	567
Grants and Subsidies.....	1,655	2	1,657
Total Expenditures.....	<u>\$4,677</u>	<u>\$28,853</u>	<u>\$33,530</u>
Excess of Revenues Over (Under) Expenditures.....	<u>\$3,241</u>	<u>\$(2,541)</u>	<u>\$ 700</u>
Other Financing Sources:			
Operating Transfers-In.....	\$ -	\$ 6,353	\$ 6,353
Total Other Financing Sources.....	<u>\$ -</u>	<u>\$ 6,353</u>	<u>\$ 6,353</u>
Excess of Revenues and Other Sources Over Expenditures.....	<u>\$3,241</u>	<u>\$ 3,812</u>	<u>\$ 7,053</u>
Fund Balances, July 1, 1987.....	2,314	332	2,646
Residual Equity Transfers-In.....	759	-	759
Residual Equity Transfers-Out.....	-	(2,098)	(2,098)
Fund Balances, June 30, 1988.....	<u>\$6,314</u>	<u>\$ 2,046</u>	<u>\$ 8,360</u>

STATE OF MINNESOTA
 APPROPRIATED MISCELLANEOUS SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGETARY BASIS
 YEAR ENDED JUNE 30, 1988
 (IN THOUSANDS)

	PUBLIC HEALTH			DIRECT APPROPRIATED			COMBINED TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Net Revenues:									
Corporate Income Taxes.....	\$ -	\$ -	\$ -	\$ 4,618	\$ 4,618	\$ -	\$ 4,618	\$ 4,618	\$ -
Tobacco Taxes.....	7,984	7,906	(78)	-	-	-	7,984	7,906	(78)
Federal Revenues.....	-	-	-	2,750	2,459	(291)	2,750	2,459	(291)
License Fees.....	-	-	-	9,986	9,800	(186)	9,986	9,800	(186)
Care and Hospitalization.....	-	-	-	4,750	4,663	(87)	4,750	4,663	(87)
Other Revenues.....	12	12	-	3,182	4,775	1,593	3,194	4,787	1,593
Net Revenues.....	\$7,996	\$7,918	\$ (78)	\$25,286	\$26,315	\$ 1,029	\$33,282	\$34,233	\$ 951
Expenditures:									
Resource Management.....	\$ 218	\$ 222	\$ (4)	\$ 2,574	\$ 2,514	\$ 60	\$ 2,792	\$ 2,736	\$ 56
Economic and Manpower Development.....	-	-	-	1,616	1,505	111	1,616	1,505	111
Education.....	693	694	(1)	-	-	-	693	694	(1)
Health and Social Services.....	7,589	3,706	3,883	18,258	16,960	1,298	25,847	20,666	5,181
General Government.....	43	-	43	10,031	9,683	348	10,074	9,683	391
Total Expenditures.....	\$8,543	\$4,622	\$3,921	\$32,479	\$30,662	\$ 1,817	\$41,022	\$35,284	\$ 5,738
Excess of Revenues Over (Under) Expenditures.....	\$ (547)	\$3,296	\$3,843	\$ (7,193)	\$ (4,347)	\$ 2,846	\$ (7,740)	\$ (1,051)	\$ 6,689
Other Sources (Uses):									
Operating Transfers-In.....	\$ 759	\$ 759	\$ -	\$ 6,353	\$ 6,353	\$ -	\$ 7,112	\$ 7,112	\$ -
Operating Transfers-Out.....	-	-	-	(2,098)	(2,098)	-	(2,098)	(2,098)	-
Net Other Sources (Uses).....	\$ 759	\$ 759	\$ -	\$ 4,255	\$ 4,255	\$ -	\$ 5,014	\$ 5,014	\$ -
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 212	\$4,055	\$3,843	\$ (2,938)	\$ (92)	\$ 2,846	\$ (2,726)	\$ 3,963	\$ 6,689
Fund Balances, July 1, 1987.....	1,706	1,706	-	-	-	-	1,706	1,706	-
Prior Year Adjustments.....	-	46	46	2,938	92	(2,846)	2,938	138	(2,800)
Undesignated Fund Balances, June 30, 1988.....	\$1,918	\$5,807	\$3,889	\$ -	\$ -	\$ -	\$ 1,918	\$ 5,807	\$ 3,889

CAPITAL PROJECTS FUNDS

These funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and fiduciary funds). Descriptions of individual funds in this fund type follow.

The General Project Fund receives monies appropriated from the General Fund for maintenance, building, or capital improvement projects.

The Transportation Fund receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The Building Fund receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of public lands and buildings and for grants and loans to local governments.

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
ASSETS				
Cash and Investments.....	\$18,996	\$10,293	\$ 42,787	\$72,076
Accounts Receivable.....	1	4	430	435
Interfund Receivables.....	-	-	128	128
Accrued Income.....	-	-	1,788	1,788
Federal Aid Receivable.....	-	152	-	152
Deferred Costs.....	-	-	932	932
Loans Receivable.....	115	-	20,539	20,654
Total Assets.....	<u>\$19,112</u>	<u>\$10,449</u>	<u>\$ 66,604</u>	<u>\$96,165</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 700	\$ 95	\$ 36,192	\$36,987
Interfund Payables.....	-	-	23,545	23,545
Total Liabilities.....	<u>\$ 700</u>	<u>\$ 95</u>	<u>\$ 59,737</u>	<u>\$60,532</u>
Fund Balances:				
Reserved Fund Balances:				
Reserved for Long-Term Receivables.....	\$ 115	\$ -	\$ 20,019	\$20,134
Reserved for Long-Term Commitments.....	11,663	5,190	-	16,853
Reserved for Deferred Costs.....	-	-	932	932
Total Reserved Fund Balances.....	<u>\$11,778</u>	<u>\$ 5,190</u>	<u>\$ 20,951</u>	<u>\$37,919</u>
Unreserved Fund Balances:				
Designated for Appropriation Carryover.....	\$ -	\$ 5,164	\$ -	\$ 5,164
Undesignated.....	6,634	-	(14,084)	(7,450)
Total Unreserved Fund Balances.....	<u>\$ 6,634</u>	<u>\$ 5,164</u>	<u>\$ (14,084)</u>	<u>\$ (2,286)</u>
Total Fund Balances.....	<u>\$18,412</u>	<u>\$10,354</u>	<u>\$ 6,867</u>	<u>\$35,633</u>
Total Liabilities and Fund Balances...	<u>\$19,112</u>	<u>\$10,449</u>	<u>\$ 66,604</u>	<u>\$96,165</u>

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
Net Revenues:				
Federal Revenues.....	\$ -	\$ 26	\$ 7	\$ 33
Other Intergovernmental Revenues.....	75	-	-	75
Investment Income.....	14	-	7,789	7,803
Other Revenues.....	225	29	433	687
Net Revenues.....	\$ 314	\$ 55	\$ 8,229	\$ 8,598
Expenditures:				
Current:				
Protection of Persons and Property.....	\$ 629	\$ -	\$ 1,238	\$ 1,867
Transportation.....	-	7	-	7
Resource Management.....	6,923	-	4,048	10,971
Economic and Manpower Development.....	987	-	764	1,751
Education.....	454	-	8,890	9,344
General Government.....	1,277	-	12,784	14,061
Total Current Expenditures.....	\$ 10,270	\$ 7	\$ 27,724	\$ 38,001
Capital Outlay.....	5,070	74	24,244	29,388
Grants and Subsidies.....	1,573	3,744	79,329	84,646
Total Expenditures.....	\$ 16,913	\$ 3,825	\$ 131,297	\$ 152,035
Excess of Revenues Over (Under) Expenditures..	\$(16,599)	\$(3,770)	\$(123,068)	\$(143,437)
Other Financing Sources (Uses):				
General Obligation Bonds.....	\$ 26,000	\$ 5,000	\$ 169,055	\$ 200,055
Operating Transfers to Debt Service.....	-	-	(7,632)	(7,632)
Other Operating Transfers-Out.....	(8)	-	-	(8)
Capital Leases.....	212	-	-	212
Other Sources (Uses).....	-	-	(811)	(811)
Net Other Financing Sources (Uses).....	\$ 26,204	\$ 5,000	\$ 160,612	\$ 191,816
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 9,605	\$ 1,230	\$ 37,544	\$ 48,379
Fund Balances, July 1, 1987.....	8,807	9,124	(25,960)	(8,029)
Residual Equity Transfers-Out.....	-	-	(4,717)	(4,717)
Fund Balances, June 30, 1988.....	\$ 18,412	\$10,354	\$ 6,867	\$ 35,633

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ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises and where the costs of providing goods or services to the general public are recovered primarily through user charges; or where the state has decided that determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Descriptions of individual enterprise funds follow.

The Housing Finance Agency Loan Funds provide money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The Higher Education Facilities Authority Fund assists private nonprofit, nonsectarian post secondary educational institutions in financing construction of education facilities.

The State University Board Revenue Fund constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The Higher Education Coordinating Board Student Loan Fund makes loans, under several programs, to qualified post secondary students.

The Economic Development Authorities Fund assists economic growth through business expansion by providing loans to Minnesota businesses.

The College and University Enterprise Activities Fund includes the various auxiliary enterprise and student loan programs operated by the state universities and community colleges.

The Minnesota Correctional Industries Fund facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The Minnesota Zoological Garden Fund accounts for the operation of the Minnesota Zoological Garden.

The Chemical Dependency Treatment Fund accounts for the activity of state regional treatment centers for chemical dependency treatment services.

The Enterprise Activities Fund includes various minor activities providing services to the general public or local governmental units.

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
ASSETS				
Current Assets:				
Cash and Investments.....	\$173,097	\$ 255,270	\$ 918	\$18,339
Accounts Receivable.....	19	1,522	-	701
Interfund Receivables.....	-	-	-	5
Accrued Income.....	219	21,618	3	812
Inventories.....	-	4,373	-	-
Loans/Notes Receivable.....	-	-	-	-
Deferred Costs.....	-	30,284	-	-
Other Current Assets.....	-	-	5	-
Total Current Assets.....	<u>\$173,335</u>	<u>\$ 313,067</u>	<u>\$ 926</u>	<u>\$19,857</u>
Restricted Assets:				
Restricted for Debt Service.....	\$ -	\$ 228,710	\$ 35,536	\$ 9,296
Other.....	-	20,120	937	9,427
Total Restricted Assets.....	<u>\$ -</u>	<u>\$ 248,830</u>	<u>\$ 36,473</u>	<u>\$18,723</u>
Noncurrent Assets:				
Loans Receivable.....	\$ 18,959	\$1,345,343	\$ 34,938	\$ -
Financing Leases Receivable.....	-	-	39,442	-
Fixed Assets (Net).....	1,021	-	39	43,751
Total Noncurrent Assets.....	<u>\$ 19,980</u>	<u>\$1,345,343</u>	<u>\$ 74,419</u>	<u>\$43,751</u>
Total Assets.....	<u>\$193,315</u>	<u>\$1,907,240</u>	<u>\$111,818</u>	<u>\$82,331</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Accounts Payable.....	\$ 1,964	\$ -359	\$ 18	\$ -
Interfund Payables.....	-	-	-	-
Installment Purchases Payable.....	-	-	-	-
Compensated Absences Payable.....	239	-	141	-
Deferred Revenue.....	875	218	-	954
Funds Held in Trust.....	128,828	-	-	-
Other Current Liabilities.....	-	-	-	-
Total Current Liabilities.....	<u>\$131,906</u>	<u>\$ 577</u>	<u>\$ 159</u>	<u>\$ 954</u>
Payable from Restricted Assets:				
Accounts Payable.....	\$ -	\$ -	\$ -	\$ 2,016
Revenue Bonds Payable.....	-	49,275	6,040	1,125
Revenue Bonds Interest Payable.....	-	67,597	1,876	286
General Obligation Bonds Payable.....	-	-	-	620
General Obligation Bonds Interest Payable.....	-	-	-	223
Other.....	-	-	118	-
Total Payable from Restricted Assets.....	<u>\$ -</u>	<u>\$ 116,872</u>	<u>\$ 8,034</u>	<u>\$ 4,270</u>
Noncurrent Liabilities:				
Installment Purchases Payable.....	\$ -	\$ -	\$ -	\$ -
General Obligation Bonds Payable.....	-	-	-	11,798
Revenue Bonds Payable.....	-	1,540,742	100,813	25,562
Compensated Absences Payable.....	31	-	-	593
Advances from Other Funds.....	-	-	-	-
Capital Leases Payable.....	-	-	-	-
Deferred Revenue.....	-	-	-	-
Other Noncurrent Liabilities.....	-	-	-	-
Total Noncurrent Liabilities.....	<u>\$ 31</u>	<u>\$1,540,742</u>	<u>\$100,813</u>	<u>\$37,953</u>
Total Liabilities.....	<u>\$131,937</u>	<u>\$1,658,191</u>	<u>\$109,006</u>	<u>\$43,177</u>
Fund Equity:				
Contributed Capital.....	\$ -	\$ -	\$ -	\$ 5,438
Reserved Retained Earnings:				
Reserved for Debt Requirements.....	\$ -	\$ 12,435	\$ 2,006	\$ 9,138
Reserved per Law.....	34,220	81,826	-	-
Total Reserved Retained Earnings.....	<u>\$ 34,220</u>	<u>\$ 94,261</u>	<u>\$ 2,006</u>	<u>\$ 9,138</u>
Unreserved Retained Earnings.....	27,158	154,788	806	24,578
Total Retained Earnings.....	<u>\$ 61,378</u>	<u>\$ 249,049</u>	<u>\$ 2,812</u>	<u>\$33,716</u>
Total Fund Equity.....	<u>\$ 61,378</u>	<u>\$ 249,049</u>	<u>\$ 2,812</u>	<u>\$39,154</u>
Total Liabilities and Fund Equity.....	<u>\$193,315</u>	<u>\$1,907,240</u>	<u>\$111,818</u>	<u>\$82,331</u>

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	ECONOMIC DEVELOPMENT AUTHORITIES	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	CHEMICAL DEPENDENCY TREATMENT	ENTERPRISE ACTIVITIES	COMBINED TOTALS
\$ 44,716	\$ 11,606	\$ 8,918	\$ 743	\$ 3,299	\$2,764	\$ 813	\$ 520,483
-	-	1,138	2,713	66	1,565	714	8,438
-	-	-	-	225	-	-	230
4,047	680	100	-	-	-	-	27,479
-	-	2,586	4,084	362	-	398	11,803
33,495	1,051	2,258	1	-	-	-	36,805
579	-	138	10	-	-	3	31,014
-	1	16	-	-	-	-	22
<u>\$ 82,837</u>	<u>\$ 13,338</u>	<u>\$15,154</u>	<u>\$7,551</u>	<u>\$ 3,952</u>	<u>\$4,329</u>	<u>\$1,928</u>	<u>\$ 636,274</u>
\$245,886	\$ 98,526	\$ -	\$ -	\$ 182	\$ -	\$ -	\$ 618,136
-	6,510	-	-	-	-	-	36,994
<u>\$245,886</u>	<u>\$105,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,130</u>
\$118,305	\$ 21,615	\$27,700	\$ -	\$ -	\$ -	\$ -	\$1,566,860
-	-	-	-	-	-	-	39,442
52	19	521	1,903	26,459	-	554	74,319
<u>\$118,357</u>	<u>\$ 21,634</u>	<u>\$28,221</u>	<u>\$1,903</u>	<u>\$26,459</u>	<u>\$ -</u>	<u>\$ 554</u>	<u>\$1,680,621</u>
<u>\$447,080</u>	<u>\$140,008</u>	<u>\$43,375</u>	<u>\$9,454</u>	<u>\$30,593</u>	<u>\$4,329</u>	<u>\$2,482</u>	<u>\$2,972,025</u>
\$ 229	\$ 1,475	\$ 886	\$ 376	\$ 896	\$2,614	\$ 452	\$ 9,269
-	-	5	150	-	363	34	552
-	-	-	-	45	-	71	116
75	38	-	271	297	467	388	1,916
-	-	9	-	240	-	130	2,426
-	-	-	-	-	-	-	128,828
-	-	-	69	32	-	-	101
<u>\$ 304</u>	<u>\$ 1,513</u>	<u>\$ 900</u>	<u>\$ 866</u>	<u>\$ 1,510</u>	<u>\$3,444</u>	<u>\$1,075</u>	<u>\$ 143,208</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,016
232,792	10,730	-	-	-	-	-	299,962
3,796	1,386	-	-	-	-	-	74,941
-	-	-	-	-	-	-	620
-	-	-	-	-	-	-	223
-	-	-	-	-	-	-	118
<u>\$236,588</u>	<u>\$ 12,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,880</u>
\$ -	\$ -	\$ -	\$ -	\$ 116	\$ -	\$ -	\$ 116
-	-	-	-	-	-	-	11,798
59,773	99,685	-	-	-	-	-	1,826,575
-	-	99	62	20	157	13	975
-	-	-	-	-	-	94	94
-	-	-	-	70	-	15	85
-	4,887	-	-	-	-	-	4,887
-	-	-	-	242	-	-	242
<u>\$ 59,773</u>	<u>\$104,572</u>	<u>\$ 99</u>	<u>\$ 62</u>	<u>\$ 448</u>	<u>\$ 157</u>	<u>\$ 122</u>	<u>\$1,844,772</u>
<u>\$296,665</u>	<u>\$118,201</u>	<u>\$ 999</u>	<u>\$ 928</u>	<u>\$ 1,958</u>	<u>\$3,601</u>	<u>\$1,197</u>	<u>\$2,365,860</u>
\$ -	\$ -	\$ -	\$4,667	\$28,431	\$ -	\$1,322	\$ 39,858
\$ -	\$ 14,697	\$ -	\$ -	\$ 182	\$ -	\$ -	\$ 38,458
-	5,281	25,130	-	-	-	-	146,457
<u>\$ -</u>	<u>\$ 19,978</u>	<u>\$25,130</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,915</u>
150,415	1,829	17,246	3,859	22	728	(37)	381,392
<u>\$150,415</u>	<u>\$ 21,807</u>	<u>\$42,376</u>	<u>\$3,859</u>	<u>\$ 204</u>	<u>\$ 728</u>	<u>\$ (37)</u>	<u>\$ 566,307</u>
<u>\$150,415</u>	<u>\$ 21,807</u>	<u>\$42,376</u>	<u>\$8,526</u>	<u>\$28,635</u>	<u>\$ 728</u>	<u>\$1,285</u>	<u>\$ 606,165</u>
<u>\$447,080</u>	<u>\$140,008</u>	<u>\$43,375</u>	<u>\$9,454</u>	<u>\$30,593</u>	<u>\$4,329</u>	<u>\$2,482</u>	<u>\$2,972,025</u>

**STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)**

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
Operating Revenues:				
Net Sales.....	\$ -	\$ -	\$ -	\$ -
Interest Income.....	557	112,048	-	-
Investment Income.....	3,710	40,166	-	-
Rental and Service Fees.....	1,352	3,793	5,593	30,562
Other Income.....	-	396	-	-
Total Operating Revenues.....	\$ 5,619	\$156,403	\$ 5,593	\$30,562
Less Cost of Goods Sold.....	-	-	-	-
Gross Margin.....	\$ 5,619	\$156,403	\$ 5,593	\$30,562
Operating Expenses:				
Interest and Financing Costs.....	\$ -	\$125,746	\$ 6,884	\$ 1,903
Purchased Services.....	2,886	4,074	65	13,865
Salaries and Fringe Benefits.....	3,864	-	104	8,849
Depreciation.....	410	-	5	2,720
Amortization.....	-	3,118	169	8
Supplies and Materials.....	76	-	-	1,969
Indirect Costs.....	101	-	-	-
Other Expenses.....	124	1,202	118	-
Total Operating Expenses.....	\$ 7,461	\$134,140	\$ 7,345	\$29,314
Operating Income (Loss).....	\$ (1,842)	\$ 22,263	\$ (1,752)	\$ 1,248
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ -	\$ -	\$ 2,070	\$ 2,994
Federal Grants and Subsidies.....	57,449	-	-	119
Other Nonoperating Revenues.....	3,533	-	-	90
Grants, Aids and Subsidies.....	(77,190)	-	-	-
Other Nonoperating Expenses.....	-	-	(69)	-
Gain (Loss) on Sale of Fixed Assets.....	-	-	1	(15)
Gain (Loss) on Revenue Bond Refunding.....	-	(332)	-	-
Net Nonoperating Revenues (Expenses).....	\$ (16,208)	\$ (332)	\$ 2,002	\$ 3,188
Income (Loss) Before Operating Transfers.....	\$ (18,050)	\$ 21,931	\$ 250	\$ 4,436
Operating Transfers-In.....	13,249	10,743	-	-
Operating Transfers-Out.....	(10,743)	(3,722)	-	-
Net Income (Loss).....	\$ (15,544)	\$ 28,952	\$ 250	\$ 4,436
Depreciation on Fixed Assets Acquired with Contributed Capital.....	-	-	-	352
Increase (Decrease) in Retained Earnings.....	\$ (15,544)	\$ 28,952	\$ 250	\$ 4,788
Retained Earnings, July 1, 1987.....	76,922	220,097	2,562	28,928
Residual Equity Transfers-Out.....	-	-	-	-
Retained Earnings, June 30, 1988.....	\$ 61,378	\$249,049	\$ 2,812	\$33,716

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	ECONOMIC DEVELOPMENT AUTHORITIES	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	CHEMICAL DEPENDENCY TREATMENT	ENTERPRISE ACTIVITIES	COMBINED TOTALS
\$ -	\$ -	\$14,979	\$ 8,669	\$ 3,614	\$ -	\$2,019	\$ 29,281
12,047	2,308	104	-	-	-	-	127,064
-	-	-	-	-	-	-	43,876
1,279	148	879	-	-	6,139	4,341	54,086
-	-	406	-	644	-	-	1,446
\$ 13,326	\$ 2,456	\$16,368	\$ 8,669	\$ 4,258	\$ 6,139	\$6,360	\$255,753
-	-	9,485	9,672	443	-	650	20,250
\$ 13,326	\$ 2,456	\$ 6,883	\$ (1,003)	\$ 3,815	\$ 6,139	\$5,710	\$235,503
\$ 18,431	\$ 8,829	\$ -	\$ -	\$ 12	\$ 64	\$ 6	\$161,875
4,646	608	833	19	1,514	-	780	29,290
750	649	2,189	1,639	5,682	7,080	4,340	35,146
12	1	64	267	1,134	-	79	4,692
489	-	-	-	-	-	8	3,792
6	20	511	33	674	683	125	4,097
93	-	-	89	66	331	109	789
657	1,006	557	449	626	466	74	5,279
\$ 25,084	\$ 11,113	\$ 4,154	\$ 2,496	\$ 9,708	\$ 8,624	\$5,521	\$244,960
\$(11,758)	\$(8,657)	\$ 2,729	\$(3,499)	\$(5,893)	\$(2,485)	\$ 189	\$(9,457)
\$ 21,578	\$ 8,303	\$ 647	\$ 85	\$ 433	\$ 47	\$ -	\$ 36,157
2,513	-	291	-	60	-	-	60,432
10	1,290	410	14	-	-	165	5,512
-	(2,961)	(553)	(3)	225	-	-	(80,479)
-	-	(965)	(40)	(60)	-	(23)	(1,060)
-	-	52	-	-	-	-	(62)
-	-	-	-	-	-	-	(332)
\$ 24,101	\$ 6,632	\$ (118)	\$ 56	\$ 658	\$ 47	\$ 142	\$ 20,168
\$ 12,343	\$ (2,025)	\$ 2,611	\$(3,443)	\$(5,235)	\$(2,438)	\$ 331	\$ 10,711
-	-	-	2,832	4,615	3,166	-	34,605
-	(395)	-	-	-	-	-	(14,860)
\$ 12,343	\$ (2,420)	\$ 2,611	\$ (611)	\$ (620)	\$ 728	\$ 331	\$ 30,456
-	-	-	-	-	-	19	371
\$ 12,343	\$ (2,420)	\$ 2,611	\$ (611)	\$ (620)	\$ 728	\$ 350	\$ 30,827
138,072	37,405	39,765	4,470	824	-	(337)	548,708
-	(13,178)	-	-	-	-	(50)	(13,228)
\$150,415	\$ 21,807	\$42,376	\$ 3,859	\$ 204	\$ 728	\$ (37)	\$566,307

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD REVENUE
	HOUSING DEVELOPMENT	PROGRAMS		
Cash Provided:				
From Operations:				
Net Income (Loss).....	<u>\$ (15,544)</u>	<u>\$ 28,952</u>	<u>\$ 250</u>	<u>\$ 4,436</u>
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable.....	\$ 1,906	\$ 65	\$ -	\$ 64
Accrued Income.....	832	(1,902)	(114)	(82)
Interfund Receivables.....	-	-	-	2
Inventories.....	-	(302)	-	-
Other Current Assets.....	-	(259)	(3)	1
Increase (Decrease) in Current Liabilities:				
Accounts Payable.....	763	142	3	(528)
Accrued Interest Payable.....	-	-	147	(24)
Interfund Payables.....	-	-	-	(80)
Deferred Revenue.....	334	(56)	(18)	9
Other Current Liabilities.....	17	2,243	-	-
Depreciation.....	410	-	5	2,720
Amortization.....	-	3,118	169	8
Losses (Gains) on Fixed Asset Sales.....	-	-	(1)	15
Change in Other Assets/Liabilities.....	5,442	846	(188)	52
Total Items Added (Deducted).....	<u>\$ 9,704</u>	<u>\$ 3,895</u>	<u>\$ -</u>	<u>\$ 2,157</u>
Total Cash Provided From Operations.....	<u>\$ (5,840)</u>	<u>\$ 32,847</u>	<u>\$ 250</u>	<u>\$ 6,593</u>
Other Cash Provided:				
Proceeds From Sale of Bonds.....	\$ -	\$171,141	\$21,078	\$ -
Proceeds From Sale of Real Estate Inventory.....	-	7,830	-	-
Reduction of Loans Receivable.....	38,326	92,256	-	-
Reduction of Financing Leases Receivable.....	-	-	1,224	-
Increase in Capital Leases Payable.....	-	-	-	-
Increase in Installment Purchases Contracts.....	-	-	-	-
Capital Contributions.....	-	-	-	-
Proceeds from the Sale of Fixed Assets.....	-	-	3	-
Other Cash Provided.....	-	-	-	-
Total Other Cash Provided.....	<u>\$ 38,326</u>	<u>\$271,227</u>	<u>\$22,305</u>	<u>\$ -</u>
Total Cash Provided.....	<u>\$ 32,486</u>	<u>\$304,074</u>	<u>\$22,555</u>	<u>\$ 6,593</u>
Cash Applied:				
Loans Issued.....	\$ 23,702	\$216,133	\$ 717	\$ -
Investments in Fixed Assets.....	94	-	58	2,170
Investments in Real Estate Inventory.....	-	7,843	-	-
Payment of Other Deferred Costs.....	-	3,951	-	-
Reduction of Indebtedness.....	-	115,595	14,675	1,700
Reduction of Capital Leases Payable.....	-	-	-	-
Reduction of Installment Contracts Payable.....	-	-	-	-
Residual Equity Transfers-Out.....	-	-	-	-
Other Cash Applied.....	-	-	114	-
Total Cash Applied.....	<u>\$ 23,796</u>	<u>\$343,522</u>	<u>\$15,564</u>	<u>\$ 3,870</u>
Net Increase (Decrease) in Cash and Investments.....	<u>\$ 8,690</u>	<u>\$ (39,448)</u>	<u>\$ 6,991</u>	<u>\$ 2,723</u>
Cash and Investments, July 1, 1987.....	<u>164,407</u>	<u>543,548</u>	<u>29,463</u>	<u>34,339</u>
Cash and Investments, June 30, 1988.....	<u>\$173,097</u>	<u>\$504,100</u>	<u>\$36,454</u>	<u>\$37,062</u>

STATE OF MINNESOTA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN	ECONOMIC DEVELOPMENT AUTHORITIES	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ZOOLOGICAL GARDEN	CHEMICAL DEPENDENCY TREATMENT	ENTERPRISE ACTIVITIES	COMBINED TOTALS
\$ 12,343	\$ (2,420)	\$2,611	\$(611)	\$ (620)	\$ 728	\$ 331	\$ 30,456
\$ -	\$ -	\$ 104	\$(560)	\$ 38	\$(1,565)	\$ 45	\$ 97
3,200	(9)	(56)	1	-	-	-	1,870
-	-	-	-	(225)	-	-	(223)
-	-	(338)	531	14	-	(182)	(277)
-	(1)	92	(9)	-	-	(2)	(181)
(37)	1,391	226	41	343	2,614	98	5,056
(442)	(546)	-	-	-	-	-	(865)
-	-	(2)	150	-	363	-	431
-	-	4	-	(5)	-	48	316
(90)	526	-	45	117	467	46	3,371
12	1	64	267	1,134	-	79	4,692
489	-	-	-	-	-	8	3,792
-	-	(52)	40	60	-	-	62
106	7,093	220	63	-	157	7	13,798
\$ 3,238	\$ 8,455	\$ 262	\$ 569	\$1,476	\$ 2,036	\$ 147	\$ 31,939
\$ 15,581	\$ 6,035	\$2,873	\$ (42)	\$ 856	\$ 2,764	\$ 478	\$ 62,395
\$ -	\$ 1,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,909
-	-	-	-	-	-	-	7,830
37,077	1,721	5,267	-	-	-	-	174,647
-	-	-	-	-	-	-	1,224
-	-	-	-	29	-	-	29
-	-	-	-	163	-	-	235
-	-	-	23	-	-	31	54
-	-	148	21	-	-	18	190
-	-	-	-	-	-	105	105
\$ 37,077	\$ 3,411	\$5,415	\$ 44	\$ 192	\$ -	\$ 226	\$ 378,223
\$ 52,658	\$ 9,446	\$8,288	\$ 2	\$1,048	\$ 2,764	\$ 704	\$ 440,618
\$ 29,720	\$ 2,460	\$6,609	\$ -	\$ -	\$ -	\$ -	\$ 279,341
43	20	229	223	792	-	223	3,852
-	-	-	-	-	-	-	7,843
-	-	-	-	-	-	-	3,951
22,000	2,485	-	-	-	-	11	156,466
-	-	-	-	19	-	12	31
-	-	-	-	32	-	-	32
-	13,178	-	-	-	-	50	13,228
-	2,819	-	-	-	-	-	2,933
\$ 51,763	\$ 20,962	\$6,838	\$ 223	\$ 843	\$ -	\$ 296	\$ 467,677
\$ 895	\$(11,516)	\$1,450	\$(221)	\$ 205	\$ 2,764	\$ 408	\$ (27,059)
289,555	128,158	7,468	964	3,276	-	405	1,201,583
\$290,450	\$116,642	\$8,918	\$ 743	\$3,481	\$ 2,764	\$ 813	\$1,174,524

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INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one state agency to other state agencies on a cost-reimbursement basis. Descriptions of individual funds in this category are presented below.

The Computer Services Fund accounts for the operation of statewide computer systems.

The Central Stores Fund accounts for the operation of centralized supplies purchasing, storage and distribution.

The State Printer Fund accounts for the operation of print shops.

The Central Motor Pool Fund accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The Telecommunications Fund accounts for the operation of a centralized telephone system for most state agencies throughout the state.

The Plant Management Fund accounts for the cost of maintenance and operation of state owned buildings and grounds in the capitol complex.

The Master Lease Fund accounts for certificates of participation sold to finance major purchases of equipment by other funds.

The Risk Management Fund accounts for the providing of liability insurance, primarily automobile, to state agencies.

The Central Services Fund accounts for miscellaneous centralized support services provided to state agencies.

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
ASSETS				
Current Assets:				
Cash and Investments.....	\$ 4,863	\$ 283	\$ 249	\$ 424
Accounts Receivable.....	3,026	189	1,022	505
Accrued Income.....	-	-	-	-
Inventories.....	-	563	159	28
Financing Leases Receivable.....	-	-	-	-
Deferred Costs.....	136	-	5	127
Total Current Assets.....	\$ 8,025	\$1,035	\$1,435	\$1,084
Noncurrent Assets:				
Financing Leases Receivable.....	\$ -	\$ -	\$ -	\$ -
Advances to Other Funds.....	-	-	-	-
Other Noncurrent Receivables.....	-	-	-	-
Fixed Assets (Net).....	13,733	68	505	5,173
Total Noncurrent Assets.....	\$13,733	\$ 68	\$ 505	\$5,173
Total Assets.....	\$21,758	\$1,103	\$1,940	\$6,257
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Accounts Payable.....	\$ 727	\$ 280	\$ 571	\$ 119
Accrued Interest Payable.....	23	-	1	22
Interfund Payables.....	-	-	33	-
Installment Purchases Payable.....	2,034	-	12	-
Revenue Bonds Payable.....	1,330	-	51	2,118
Compensated Absences Payable.....	562	23	90	17
Advances from Other Funds.....	-	-	-	956
Capital Leases Payable.....	-	-	-	-
Deferred Revenue.....	-	-	-	-
Other Current Liabilities.....	-	-	3	-
Total Current Liabilities.....	\$ 4,676	\$ 303	\$ 761	\$3,232
Noncurrent Liabilities:				
Installment Purchases Payable.....	\$ 6,802	\$ -	\$ -	\$ -
Revenue Bonds Payable.....	3,267	-	131	2,364
Compensated Absences Payable.....	257	7	35	12
Advances from Other Funds.....	-	-	477	83
Deferred Revenue.....	-	-	-	-
Total Noncurrent Liabilities.....	\$10,326	\$ 7	\$ 643	\$2,459
Total Liabilities.....	\$15,002	\$ 310	\$1,404	\$5,691
Fund Equity:				
Contributed Capital.....	\$ 3,356	\$ 691	\$ 640	\$ 502
Retained Earnings:				
Reserved for Claims.....	\$ -	\$ -	\$ -	\$ -
Unreserved.....	3,400	102	(104)	64
Total Retained Earnings.....	\$ 3,400	\$ 102	\$ (104)	\$ 64
Total Fund Equity.....	\$ 6,756	\$ 793	\$ 536	\$ 566
Total Liabilities and Fund Equity.....	\$21,758	\$1,103	\$1,940	\$6,257

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

TELECOM- MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	RISK MANAGEMENT	CENTRAL SERVICES	COMBINED TOTALS
\$ 873	\$2,750	\$8,109	\$1,108	\$ 562	\$19,221
1,107	537	-	5	436	6,827
-	-	115	-	-	115
-	166	-	-	29	945
108	-	-	-	-	108
28	2	45	20	1	364
<u>\$ 2,116</u>	<u>\$3,455</u>	<u>\$8,269</u>	<u>\$1,133</u>	<u>\$1,028</u>	<u>\$27,580</u>
\$ 346	\$ -	\$ -	\$ -	\$ -	\$ 346
-	400	-	-	-	400
-	-	-	-	12	12
389	490	-	5	368	20,731
<u>\$ 735</u>	<u>\$ 890</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 380</u>	<u>\$21,489</u>
<u>\$ 2,851</u>	<u>\$4,345</u>	<u>\$8,269</u>	<u>\$1,138</u>	<u>\$1,408</u>	<u>\$49,069</u>
\$ 1,252	\$ 832	\$ 126	\$ 297	\$ 182	\$ 4,386
3	-	43	-	-	92
-	-	-	-	-	33
-	-	-	-	99	2,145
166	24	1,486	-	8	5,183
11	288	-	-	118	1,109
573	-	-	-	12	1,541
-	2	-	-	-	2
-	45	16	20	-	81
-	-	-	-	-	3
<u>\$ 2,005</u>	<u>\$1,191</u>	<u>\$1,671</u>	<u>\$ 317</u>	<u>\$ 419</u>	<u>\$14,575</u>
\$ -	\$ -	\$ -	\$ -	\$ 192	\$ 6,994
479	59	6,447	-	19	12,766
2	112	-	-	7	432
1,308	-	-	-	13	1,881
-	-	18	-	-	18
<u>\$ 1,789</u>	<u>\$ 171</u>	<u>\$6,465</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$22,091</u>
<u>\$ 3,794</u>	<u>\$1,362</u>	<u>\$8,136</u>	<u>\$ 317</u>	<u>\$ 650</u>	<u>\$38,666</u>
\$ 592	\$1,355	\$ -	\$ -	\$ 509	\$ 7,645
\$ -	\$ -	\$ -	\$ 821	\$ -	\$ 821
(1,535)	1,628	133	-	249	3,937
<u>\$(1,535)</u>	<u>\$1,628</u>	<u>\$ 133</u>	<u>\$ 821</u>	<u>\$ 249</u>	<u>\$ 4,758</u>
<u>\$ (943)</u>	<u>\$2,983</u>	<u>\$ 133</u>	<u>\$ 821</u>	<u>\$ 758</u>	<u>\$12,403</u>
<u>\$ 2,851</u>	<u>\$4,345</u>	<u>\$8,269</u>	<u>\$1,138</u>	<u>\$1,408</u>	<u>\$49,069</u>

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Operating Revenues:				
Net Sales.....	\$ -	\$3,596	\$4,947	\$ -
Rental and Service Fees.....	24,430	-	16	3,531
Other Income.....	6	-	-	35
Total Operating Revenues.....	\$24,436	\$3,596	\$4,963	\$3,566
Less Cost of Goods Sold.....	-	2,819	4,023	-
Gross Margin.....	\$24,436	\$ 777	\$ 940	\$3,566
Operating Expenses:				
Interest and Financing Costs.....	\$ 641	\$ -	\$ 11	\$ 227
Purchased Services.....	4,945	195	104	311
Salaries and Fringe Benefits.....	8,398	366	484	467
Depreciation.....	2,580	4	29	1,516
Amortization.....	1,808	4	-	58
Supplies and Materials.....	593	24	15	791
Indirect Costs.....	484	122	204	166
Other Expenses.....	29	-	-	-
Total Operating Expenses.....	\$19,478	\$ 715	\$ 847	\$3,536
Operating Income (Loss).....	\$ 4,958	\$ 62	\$ 93	\$ 30
Nonoperating Revenues (Expenses):				
Investment Income.....	\$ 130	\$ -	\$ -	\$ 205
Other Nonoperating Revenues.....	-	-	8	-
Gains (Losses) on Sale of Fixed Assets.....	(150)	-	-	89
Other Nonoperating Expenses.....	-	-	(1)	-
Net Nonoperating Revenues (Expenses).....	\$ (20)	\$ -	\$ 7	\$ 294
Income (Loss) Before Operating Transfers.....	\$ 4,938	\$ 62	\$ 100	\$ 324
Operating Transfers-In.....	-	-	-	7
Operating Transfers-Out.....	-	-	-	-
Net Income.....	\$ 4,938	\$ 62	\$ 100	\$ 331
Depreciation on Fixed Assets Acquired With Contributed Capital.....	-	-	-	-
Increase (Decrease) in Retained Earnings.....	\$ 4,938	\$ 62	\$ 100	\$ 331
Retained Earnings, July 1, 1987.....	(1,538)	40	(204)	(267)
Retained Earnings, June 30, 1988.....	\$ 3,400	\$ 102	\$ (104)	\$ 64

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

TELECOM- MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	RISK MANAGEMENT	CENTRAL SERVICES	COMBINED TOTALS
\$ 6,005	\$ -	\$ -	\$ -	\$1,461	\$16,009
48	13,189	-	-	1,103	42,317
-	276	-	933	-	1,250
\$ 6,053	\$13,465	\$ -	\$933	\$2,564	\$59,576
6,311	-	-	-	49	13,202
\$ (258)	\$13,465	\$ -	\$933	\$2,515	\$46,374
\$ 37	\$ 6	\$ 804	\$ -	\$ 19	\$ 1,745
133	5,278	27	90	453	11,536
211	4,580	-	-	1,674	16,180
49	90	-	-	101	4,369
4	2	(31)	-	-	1,845
14	681	-	-	180	2,298
77	360	-	-	110	1,523
-	3	-	486	108	626
\$ 525	\$11,000	\$ 800	\$576	\$2,645	\$40,122
\$ (783)	\$ 2,465	\$(800)	\$357	\$(130)	\$ 6,252
\$ -	\$ -	\$ 860	\$ 83	\$ 1	\$ 1,279
38	-	-	-	2	48
-	(3)	-	-	67	3
-	-	-	-	-	(1)
\$ 38	\$ (3)	\$ 860	\$ 83	\$ 70	\$ 1,329
\$ (745)	\$ 2,462	\$ 60	\$440	\$ (60)	\$ 7,581
-	-	-	-	-	7
-	(2,214)	-	-	-	(2,214)
\$ (745)	\$ 248	\$ 60	\$440	\$ (60)	\$ 5,374
-	2	-	-	-	2
\$ (745)	\$ 250	\$ 60	\$440	\$ (60)	\$ 5,376
(790)	1,378	73	381	309	(618)
\$(1,535)	\$ 1,628	\$ 133	\$821	\$ 249	\$ 4,758

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL
Cash Provided:				
From Operations:				
Net Income (Loss).....	\$ 4,938	\$ 62	\$ 100	\$ 331
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable.....	\$ (393)	\$(105)	\$(606)	\$ (51)
Interfund Receivables.....	-	-	13	-
Accrued Income.....	-	-	1	-
Inventories.....	-	(123)	(38)	(3)
Prepaid Expenses.....	-	-	-	(1)
Other Current Assets.....	-	-	(1)	-
Increase (Decrease) in Current Liabilities:				
Accounts Payable.....	19	118	290	(83)
Accrued Interest Payable.....	-	-	-	5
Interfund Payables.....	-	-	(191)	-
Compensated Absences Payable.....	32	1	10	(7)
Deferred Revenue.....	-	-	-	-
Other Current Liabilities.....	(3)	-	3	-
Depreciation.....	2,580	4	148	1,516
Amortization.....	1,808	4	-	58
Compensated Absences Payable (Non-Current).....	40	(1)	5	1
Losses (Gains) on Fixed Asset Sales.....	150	-	-	(89)
Other Changes.....	-	-	-	-
Total Items Added (Deducted).....	\$ 4,233	\$(102)	\$(366)	\$1,346
Total Cash Provided From Operations.....	\$ 9,171	\$ (40)	\$ (266)	\$1,677
Other Cash Provided:				
Proceeds from Bond Sales.....	\$ 2,907	\$ -	\$ 78	\$3,475
Collection of Financing Leases Receivable.....	-	-	-	-
Increase in Installment Purchases Payable.....	8,302	-	-	-
Advances from Other Funds.....	-	-	367	956
Capital Contributions.....	-	-	-	-
Proceeds from Sales of Fixed Assets.....	1,116	-	10	542
Other Sources.....	-	-	11	-
Total Other Cash Provided.....	\$12,325	\$ -	\$ 466	\$4,973
Total Cash Provided.....	\$21,496	\$ (40)	\$ 200	\$6,650
Cash Applied:				
Investments in Fixed Assets.....	\$11,520	\$ 11	\$ 138	\$3,485
Investments in Leasehold Improvements.....	69	-	-	-
Advances To Other Funds.....	-	-	-	-
Deferred Costs.....	77	-	-	-
Reduction of Advances from Other Funds.....	1,011	-	57	795
Reduction of Capital Leases Payable.....	1,696	-	-	-
Reduction of Installment Purchases Payable.....	515	-	24	-
Repayment of Revenue Bond Principal.....	2,900	-	34	1,989
Other Cash Applied.....	-	-	-	97
Total Cash Applied.....	\$17,788	\$ 11	\$ 253	\$6,366
Net Increase (Decrease) in Cash and Investments.....	\$ 3,708	\$ (51)	\$ (53)	\$ 284
Cash and Investments, July 1, 1987.....	1,155	334	302	140
Cash and Investments, June 30, 1988.....	\$ 4,863	\$ 283	\$ 249	\$ 424

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

TELECOM- MUNICATIONS	PLANT MANAGEMENT	MASTER LEASE	RISK MANAGEMENT	CENTRAL SERVICES	COMBINED TOTALS
\$ (745)	\$ 248	\$ 60	\$ 440	\$ (60)	\$ 5,374
\$ (373)	\$ 39	\$ -	\$ (1)	\$ (31)	\$(1,521)
-	241	-	-	-	254
-	-	(47)	-	-	(46)
-	(4)	-	-	(3)	(171)
(9)	3	-	(20)	-	(27)
-	-	-	-	-	(1)
(632)	(225)	66	267	(60)	(240)
3	-	1	-	-	9
-	-	-	-	(250)	(441)
3	47	-	-	12	98
(5)	-	-	20	-	15
-	1	-	-	-	1
49	90	-	-	101	4,488
4	2	(31)	-	-	1,845
1	5	-	-	5	56
-	3	-	-	(67)	(3)
-	3	-	-	-	3
\$ (959)	\$ 205	\$ (11)	\$ 266	\$(293)	\$ 4,319
\$(1,704)	\$ 453	\$ 49	\$ 706	\$(353)	\$ 9,693
\$ 598	\$ -	\$6,119	\$ -	\$ -	\$13,177
205	-	-	-	-	205
-	-	-	-	249	8,551
1,700	-	-	-	-	3,023
-	147	-	-	-	147
-	-	-	-	309	1,977
-	39	-	-	29	79
\$ 2,503	\$ 186	\$6,119	\$ -	\$ 587	\$27,159
\$ 799	\$ 639	\$6,168	\$ 706	\$ 234	\$36,852
\$ 601	\$ 79	\$ -	\$ 9	\$ 424	\$16,263
-	-	-	-	-	69
-	400	-	-	-	400
18	-	45	-	-	140
292	-	-	-	14	2,169
-	2	-	-	-	1,698
-	-	-	-	46	585
131	24	4,360	-	7	9,445
-	-	-	-	25	122
\$ 1,042	\$ 505	\$4,405	\$ 5	\$ 516	\$30,891
\$ (243)	\$ 134	\$1,763	\$ 701	\$(282)	\$ 5,961
1,116	2,616	6,346	407	844	13,260
\$ 873	\$2,750	\$8,109	\$1,108	\$ 562	\$19,221

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Below are descriptions of the generic fund types within this category and specific funds within each fund type.

PENSION TRUST FUNDS are funds administered by independent boards for which the state performs a fiduciary role. These funds are categorized by function into three types.

Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based on a statutory formula utilizing such factors as age, average salary, length of service and others. Individual funds in this category include those described below.

The **Public Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The **Police and Fire Fund** includes resources accumulated to pay present and future retirement annuities to eligible police officers and fire fighters.

The **Police and Fire Consolidation Fund** includes resources accumulated to pay present and future retirement annuities to police officers and firefighters belonging to local relief associations, that merged with the Public Employees Retirement Association.

The **Teachers Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The **State Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The **State Patrol Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The **Correctional Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to state employees who have direct responsibility for inmates at Minnesota correctional facilities.

The **Judicial Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible district, municipal, county and probate court judges, supreme court justices and various court referees.

FIDUCIARY FUNDS (continued)

The **Elective State Officers Fund** includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The **Legislative Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications. Individual funds in this category are described below.

The **Unclassified Employees Retirement Fund** includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The **College Supplemental Retirement Fund** includes the aggregate of share accounts derived from contributions received from eligible state university and community college employees, with matching state contributions.

Investment Trust Funds are a group of investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

The **Minnesota Supplemental Investment Fund** provides an investment vehicle for the Defined Contribution Funds and for some locally administered pension plans.

The **Minnesota Post-Retirement Investment Fund** serves as an investment vehicle for the Defined Benefit Funds and as such invests their reserves to produce income for the payment of retirement benefits.

The **Minnesota Variable Annuity Fund** is restricted to participation by members of the Teachers Retirement Association. Investments are limited to corporate stocks with no more than six percent of the book value to be invested in a single corporation.

NONEXPENDABLE TRUST FUNDS - Are funds whose principal may not be expended.

The **Permanent School Fund** is a constitutionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

FIDUCIARY FUNDS (continued)

EXPENDABLE TRUST FUNDS - Are funds whose resources, including principal and interest, may be expended. Descriptions of individual funds in this category follow.

The **Municipal State-Aid Street Fund** receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **County State-Aid Highway Fund** receives 29.6 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **Endowment School Fund** receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The **Endowment Fund** receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The **Northeast Minnesota Economic Protection Fund** receives distributions from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

The **Rural Rehabilitation Trust Fund** is a trust fund established from the proceeds of a federal grant for making loans to rural enterprises from the trust corpus.

The **Unemployment Compensation Fund** receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

The **Insurance Trust Fund** receives employee health and life insurance premiums and reimburses claims paid by insurance carriers.

AGENCY FUNDS - Are funds which hold monies in an agency capacity for various governmental units, individuals or funds. Individual fund descriptions follow.

The **Disbursement Clearing Fund** is a clearing fund used to account for state warrants issued and redeemed.

The **Taxes Clearing Fund** is used to distribute tax receipts as specified by statute.

The **Deferred Compensation Fund** includes the aggregate of voluntary employee payroll deductions which defer income and repaid in accordance with income tax code restrictions.

The **Social Welfare Fund** includes funds held for patients and inmates in state institutions.

The **Miscellaneous Agency Fund** includes the amounts held in trust by the state for other governmental units, individuals or funds.

STATE OF MINNESOTA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	PENSION TRUST	NONEXPENDABLE TRUST FUND PERMANENT SCHOOL	EXPENDABLE TRUST	AGENCY	LESS ELIMINATIONS	COMBINED TOTALS
ASSETS						
Cash and Investments.....	\$9,505,417	\$356,253	\$561,258	\$382,207	\$ -	\$10,805,135
Accounts Receivable.....	35,212	1,352	48,231	2,357	-	87,152
Interfund Receivables.....	108,412	23	25,510	1,300	-	135,245
Accrued Income.....	93,827	6,045	7	-	-	99,879
Deferred Costs.....	-	-	4	100	-	104
Loans/Notes Receivable.....	-	-	9,986	-	-	9,986
Equity in Investment Trust Funds.....	-	-	-	123,221	123,221	-
Fixed Assets (Net).....	508	15,449	-	-	-	15,957
Other Assets.....	25	-	-	-	-	25
Total Assets.....	\$9,743,401	\$379,122	\$644,996	\$509,185	\$123,221	\$11,153,483
LIABILITIES AND FUND BALANCES						
Liabilities:						
Warrants Payable.....	\$ -	\$ -	\$ -	\$157,418	\$ -	\$ 157,418
Accounts Payable.....	1,659	7	35,037	2,414	-	39,117
Interfund Payables.....	104,342	18,546	-	340	-	123,228
Payable to Other Governmental Units.....	-	-	-	2,861	-	2,861
Deferred Revenue.....	42	-	2,696	-	-	2,738
Compensated Absences Payable.....	516	-	70	-	-	586
Advances from Other Funds.....	-	-	546	-	-	546
Funds Held in Trust.....	-	-	-	346,152	-	346,152
Total Liabilities.....	\$ 106,559	\$ 18,553	\$ 38,349	\$509,185	\$ -	\$ 672,646
Fund Balances:						
Reserved Fund Balances:						
Reserved for Encumbrances.....	\$ -	\$ -	\$ 4,335	\$ -	\$ -	\$ 4,335
Reserved for Long-Term Receivables.....	-	-	35,153	-	-	35,153
Reserved for Local Governments.....	-	-	309,420	-	-	309,420
Reserved for Endowment Principal.....	-	360,569	-	-	-	360,569
Reserved for Employee Benefits.....	9,636,842	-	16,440	-	123,221	9,530,061
Reserved for Other.....	-	-	6,350	-	-	6,350
Total Reserved Fund Balances.....	\$9,636,842	\$360,569	\$371,698	\$ -	\$123,221	\$10,245,888
Unreserved Fund Balances:						
Designated for Fund Purposes.....	\$ -	\$ -	\$234,674	\$ -	\$ -	\$ 234,674
Undesignated.....	-	-	275	-	-	275
Total Unreserved Fund Balances.....	\$ -	\$ -	\$234,949	\$ -	\$ -	\$ 234,949
Total Fund Balances.....	\$9,636,842	\$360,569	\$606,647	\$ -	\$123,221	\$10,480,837
Total Liabilities and Fund Balances..	\$9,743,401	\$379,122	\$644,996	\$509,185	\$123,221	\$11,153,483

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STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	COMBINED TOTALS
ASSETS					
Cash and Investments.....	\$4,777,827	\$ 470	\$4,727,120	\$ -	\$9,505,417
Accounts Receivable.....	34,952	260	-	-	35,212
Interfund Receivables.....	5,413	-	102,999	-	108,412
Accrued Investment Income.....	708	-	93,119	-	93,827
Equity in Investment Trust Funds.....	4,229,931	142,628	-	4,372,559	-
Fixed Assets (Net).....	508	-	-	-	508
Other Assets.....	25	-	-	-	25
Total Assets.....	\$9,049,364	\$143,358	\$4,923,238	\$4,372,559	\$9,743,401
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable.....	\$ 1,257	\$ -	\$ 402	\$ -	\$ 1,659
Interfund Payables.....	103,535	142	665	-	104,342
Deferred Revenue.....	42	-	-	-	42
Compensated Absences Payable.....	516	-	-	-	516
Total Liabilities.....	\$ 105,350	\$ 142	\$ 1,067	\$ -	\$ 106,559
Fund Balances:					
Reserved for Pension Benefits.....	\$8,944,014	\$143,216	\$4,922,171	\$4,372,559	\$9,636,842
Total Fund Balances.....	\$8,944,014	\$143,216	\$4,922,171	\$4,372,559	\$9,636,842
Total Liabilities and Fund Balances..	\$9,049,364	\$143,358	\$4,923,238	\$4,372,559	\$9,743,401

**STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)**

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	COMBINED TOTALS
Operating Revenues:					
Contributions.....	\$ 504,958	\$ -	\$ -	\$ -	\$ 504,958
Investment Income.....	320,342	55	384,962	-	705,359
Distributed Investment Trust Fund Income.....	438,409	-	-	438,409	-
Realized/Unrealized Gain (Loss) on Investment Trust Fund Equity.....	-	(1,167)	-	(1,167)	-
Net Realized Gains.....	-	-	82,522	-	82,522
Decrease in Unrealized Appreciation.....	-	-	(251,565)	-	(251,565)
Other Income.....	6,745	33	-	-	6,778
Total Operating Revenues.....	\$1,270,454	\$ (1,079)	\$ 215,919	\$ 437,242	\$1,048,052
Operating Expenses:					
Annuity Payments.....	\$ 388,316	\$ -	\$ -	\$ -	\$ 388,316
Refunded Contributions.....	28,216	-	-	-	28,216
Interest and Financing Costs.....	1,764	-	-	-	1,764
Purchased Services.....	2,066	126	-	-	2,192
Investment Management Fees.....	6,448	-	1,648	-	8,096
Salaries and Fringe Benefits.....	4,672	149	-	-	4,821
Depreciation.....	198	-	-	-	198
Supplies and Materials.....	115	2	-	-	117
Indirect Costs.....	150	1	-	-	151
Other Expenses.....	421	-	-	-	421
Total Operating Expenses.....	\$ 432,366	\$ 278	\$ 1,648	\$ -	\$ 434,292
Operating Income (Loss).....	\$ 838,088	\$ (1,357)	\$ 214,271	\$ 437,242	\$ 613,760
Nonoperating Revenues (Expenses):					
Participant Contributions.....	\$ -	\$ 8,089	\$ 525,926	\$ 501,475	\$ 32,540
Participant Withdrawals.....	-	(3,831)	(408,296)	(377,118)	(35,009)
Net Nonoperating Revenues (Expenses)...	\$ -	\$ 4,258	\$ 117,630	\$ 124,357	\$ (2,469)
Income Before Operating Transfers.....	\$ 838,088	\$ 2,901	\$ 331,901	\$ 561,599	\$ 611,291
Operating Transfers-In.....	4,663	241	-	-	4,904
Operating Transfers-Out.....	(284)	-	-	-	(284)
Net Income.....	\$ 842,467	\$ 3,142	\$ 331,901	\$ 561,599	\$ 615,911
Fund Balances, July 1, 1987, as Reported...	\$8,080,992	\$140,074	\$4,590,270	\$3,810,960	\$9,000,376
Changes in Reporting Entity.....	20,555	-	-	-	20,555
Fund Balances, July 1, 1987, as Restated...	\$8,101,547	\$140,074	\$4,590,270	\$3,810,960	\$9,020,931
Fund Balances, June 30, 1988.....	\$8,944,014	\$143,216	\$4,922,171	\$4,372,559	\$9,636,842

**STATE OF MINNESOTA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)**

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	LESS ELIMINATIONS	COMBINED TOTALS
Cash Provided:					
From Operations:					
Net Income.....	\$ 842,467	\$ 3,142	\$ 331,901	\$ 561,599	\$ 615,911
Items Added to (Deducted from) Net Income:					
Decrease (Increase) in Current Assets:					
Accounts Receivable.....	\$ (4,483)	\$ (52)	\$ 2,369	\$ -	\$ (2,166)
Interfund Receivables.....	(1,020)	-	(81,026)	-	(82,046)
Accrued Investment Income.....	337	-	(21,080)	-	(20,743)
Other Current Assets.....	(5)	-	-	-	(5)
Increase (Decrease) in Current Liabilities:					
Accounts Payable.....	465	-	(5,383)	-	(4,918)
Interfund Payables.....	81,179	130	438	-	81,747
Deferred Revenue.....	(12)	-	-	-	(12)
Compensated Absences Payable.....	53	-	-	-	53
Depreciation.....	198	-	-	-	198
Other Changes.....	10	-	-	-	10
Total Items Added (Deducted).....	\$ 76,722	\$ 78	\$ (104,682)	\$ -	\$ (27,882)
Total Cash Provided From Operations.....	\$ 919,189	\$ 3,220	\$ 227,219	\$ 561,599	\$ 588,029
Other Cash Provided:					
Proceeds from the Sale of Fixed Assets.....	\$ 4	\$ -	\$ -	\$ -	\$ 4
Total Other Cash Provided.....	\$ 4	\$ -	\$ -	\$ -	\$ 4
Total Cash Provided.....	\$ 919,193	\$ 3,220	\$ 227,219	\$ 561,599	\$ 588,033
Cash Applied:					
Investments in Fixed Assets.....	\$ 125	\$ -	\$ -	\$ -	\$ 125
Total Cash Applied.....	\$ 125	\$ -	\$ -	\$ -	\$ 125
Net Increase in Cash and Investments.....	\$ 919,068	\$ 3,220	\$ 227,219	\$ 561,599	\$ 587,908
Cash and Investments, July 1, 1987, as Reported...	\$8,068,135	\$139,878	\$4,499,901	\$3,810,960	\$8,896,954
Change in Reporting Entity.....	20,555	-	-	-	20,555
Cash and Investments, July 1, 1987, as Restated...	\$8,088,690	\$139,878	\$4,499,901	\$3,810,960	\$8,917,509
Cash and Investments, June 30, 1988.....	\$9,007,758	\$143,098	\$4,727,120	\$4,372,559	\$9,505,417

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION TEACHERS RETIREMENT
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	
ASSETS				
Cash and Investments.....	\$1,223,907	\$404,902	\$ 6,223	\$2,060,767
Accounts Receivable.....	141	154	799	28,321
Interfund Receivables.....	247	18	-	460
Accrued Investment Income.....	-	-	-	466
Equity in Investment Trust Funds.....	1,476,423	145,187	16,405	1,818,370
Fixed Assets (Net).....	247	-	-	183
Other Assets.....	25	-	-	-
Total Assets.....	<u>\$2,700,990</u>	<u>\$550,261</u>	<u>\$23,427</u>	<u>\$3,908,567</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 711	\$ 111	\$ -	\$ 261
Interfund Payables.....	89,167	6,082	854	2,680
Deferred Revenue.....	-	-	-	-
Compensated Absences Payable.....	199	-	-	185
Total Liabilities.....	<u>\$ 90,077</u>	<u>\$ 6,193</u>	<u>\$ 854</u>	<u>\$ 3,126</u>
Fund Balances:				
Reserved for Pension Benefits.....	<u>\$2,610,913</u>	<u>\$544,068</u>	<u>\$22,573</u>	<u>\$3,905,441</u>
Total Reserved Fund Balances.....	<u>\$2,610,913</u>	<u>\$544,068</u>	<u>\$22,573</u>	<u>\$3,905,441</u>
Total Liabilities and Fund Balances.....	<u>\$2,700,990</u>	<u>\$550,261</u>	<u>\$23,427</u>	<u>\$3,908,567</u>

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
\$ 958,930	\$ 73,079	\$46,543	\$ 3,476	\$ -	\$ -	\$4,777,827
4,738	461	316	20	2	-	34,952
291	-	269	456	280	3,392	9,413
214	16	11	1	-	-	708
649,064	72,739	25,435	17,812	-	8,496	4,229,931
78	-	-	-	-	-	508
-	-	-	-	-	-	25
<u>\$1,613,315</u>	<u>\$146,295</u>	<u>\$72,574</u>	<u>\$21,765</u>	<u>\$282</u>	<u>\$11,888</u>	<u>\$9,049,364</u>
\$ 169	\$ 3	\$ 2	\$ -	\$ -	\$ -	\$ 1,257
3,850	240	136	494	1	31	103,535
-	-	-	42	-	-	42
132	-	-	-	-	-	516
<u>\$ 4,151</u>	<u>\$ 243</u>	<u>\$ 138</u>	<u>\$ 536</u>	<u>\$ 1</u>	<u>\$ 31</u>	<u>\$ 105,350</u>
<u>\$1,609,164</u>	<u>\$146,052</u>	<u>\$72,436</u>	<u>\$21,229</u>	<u>\$281</u>	<u>\$11,857</u>	<u>\$8,944,014</u>
<u>\$1,609,164</u>	<u>\$146,052</u>	<u>\$72,436</u>	<u>\$21,229</u>	<u>\$281</u>	<u>\$11,857</u>	<u>\$8,944,014</u>
<u>\$1,613,315</u>	<u>\$146,295</u>	<u>\$72,574</u>	<u>\$21,765</u>	<u>\$282</u>	<u>\$11,888</u>	<u>\$9,049,364</u>

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION TEACHERS RETIREMENT
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	
Operating Revenues:				
Employer Contributions.....	\$ 78,092	\$ 20,126	\$ 1,458	\$ 147,112
Employee Contributions.....	71,504	13,436	105	75,489
Investment Income.....	91,155	25,153	1,120	128,222
Distributed Investment Trust Fund Income.....	153,826	14,594	188	186,479
Other Income.....	608	1,620	223	601
Total Operating Revenues.....	\$ 395,185	\$ 74,929	\$ 3,094	\$ 537,903
Operating Expenses:				
Annuity Payments.....	\$ 148,587	\$ 13,821	\$ 846	\$ 148,067
Refunded Contributions.....	14,175	693	-	5,627
Interest and Financing Costs.....	700	103	220	-
Purchased Services.....	811	58	1	585
Investment Management Fees.....	1,669	540	4	2,774
Salaries and Fringe Benefits.....	1,949	139	4	1,506
Depreciation.....	139	-	-	33
Supplies and Materials.....	70	5	-	22
Other Administrative Expenses.....	382	36	1	2
Indirect Costs.....	79	5	-	35
Total Operating Expenses.....	\$ 168,561	\$ 15,400	\$ 1,076	\$ 158,651
Income Before Operating Transfers.....	\$ 226,624	\$ 59,529	\$ 2,018	\$ 379,252
Operating Transfers-In.....	1,786	77	-	1,495
Operating Transfers-Out.....	-	-	-	-
Net Income.....	\$ 228,410	\$ 59,606	\$ 2,018	\$ 380,747
Fund Balances, July 1, 1987, as Reported.....	\$2,382,503	\$484,462	\$ -	\$3,524,694
Changes in Reporting Entity.....	-	-	20,555	-
Fund Balances, July 1, 1987, as Restated.....	\$2,382,503	\$484,462	\$20,555	\$3,524,694
Fund Balances, June 30, 1988.....	\$2,610,913	\$544,068	\$22,573	\$3,905,441

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
\$ 42,951	\$ 4,971	\$ 3,089	\$ -	\$ -	\$ -	\$ 297,799
41,632	2,244	1,753	565	34	397	207,159
66,233	5,292	2,850	317	-	-	320,342
70,140	7,682	2,861	1,663	-	976	438,409
1	-	-	3,163	99	430	6,745
<u>\$ 220,957</u>	<u>\$ 20,189</u>	<u>\$10,553</u>	<u>\$ 5,708</u>	<u>\$133</u>	<u>\$ 1,803</u>	<u>\$1,270,454</u>
\$ 63,697	\$ 6,263	\$ 2,678	\$ 3,111	\$ 97	\$ 1,149	\$ 388,316
7,491	9	196	6	-	19	28,216
629	77	23	10	-	2	1,764
537	21	29	13	-	11	2,066
1,328	101	27	5	-	-	6,448
942	35	52	24	1	20	4,672
26	-	-	-	-	-	198
16	1	1	-	-	-	115
-	-	-	-	-	-	421
30	1	-	-	-	-	150
<u>\$ 74,696</u>	<u>\$ 6,508</u>	<u>\$ 3,006</u>	<u>\$ 3,169</u>	<u>\$ 98</u>	<u>\$ 1,201</u>	<u>\$ 432,366</u>
\$ 146,261	\$ 13,681	\$ 7,547	\$ 2,539	\$ 35	\$ 602	\$ 838,088
1,199	62	44	-	-	-	4,663
(284)	-	-	-	-	-	(284)
<u>\$ 147,176</u>	<u>\$ 13,743</u>	<u>\$ 7,591</u>	<u>\$ 2,539</u>	<u>\$ 35</u>	<u>\$ 602</u>	<u>\$ 842,467</u>
\$1,526,833	\$132,309	\$ -	\$18,690	\$246	\$11,255	\$8,080,992
(64,845)	-	64,845	-	-	-	20,555
<u>\$1,461,988</u>	<u>\$132,309</u>	<u>\$64,845</u>	<u>\$18,690</u>	<u>\$246</u>	<u>\$11,255</u>	<u>\$8,101,547</u>
<u>\$1,609,164</u>	<u>\$146,052</u>	<u>\$72,436</u>	<u>\$21,229</u>	<u>\$281</u>	<u>\$11,857</u>	<u>\$8,944,014</u>

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION			TEACHERS RETIREMENT ASSOCIATION TEACHERS RETIREMENT
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	POLICE AND FIRE CONSOLIDATION	
Cash Provided:				
From Operations:				
Net Income.....	\$ 228,410	\$ 59,606	\$ 2,018	\$ 380,747
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable.....	\$ (28)	\$ 62	\$ (799)	\$ (2,778)
Interfund Receivables.....	(26)	(1)	-	(10)
Accrued Investment Income.....	-	-	-	201
Other Current Assets.....	(5)	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts Payable.....	373	88	-	10
Interfund Payables.....	79,298	4,739	854	(6,735)
Deferred Revenue.....	-	-	-	-
Compensated Absences Payable.....	32	-	-	16
Depreciation.....	139	-	-	33
Other Changes.....	-	-	-	10
Total Items Added (Deducted).....	\$ 79,783	\$ 4,888	\$ 55	\$ (9,253)
Total Cash Provided from Operations.....	\$ 308,193	\$ 64,494	\$ 2,073	\$ 371,494
Other Cash Provided:				
Proceeds from the Sale of Fixed Assets.....	\$ 4	\$ -	\$ -	\$ -
Total Other Cash Provided.....	\$ 4	\$ -	\$ -	\$ -
Total Cash Provided.....	\$ 308,197	\$ 64,494	\$ 2,073	\$ 371,494
Cash Applied:				
Investments in Fixed Assets.....	\$ 50	\$ -	\$ -	\$ 37
Total Cash Applied.....	\$ 50	\$ -	\$ -	\$ 37
Net Increase in Cash and Investments.....	\$ 308,147	\$ 64,494	\$ 2,073	\$ 371,457
Cash and Investments, July 1, 1987, as Reported.....	\$2,392,183	\$485,595	\$ -	\$3,507,680
Changes in Reporting Entity.....	-	-	20,555	-
Cash and Investments, July 1, 1987, as Restated.....	\$2,392,183	\$485,595	\$20,555	\$3,507,680
Cash and Investments, June 30, 1988.....	\$2,700,330	\$550,089	\$22,628	\$3,879,137

STATE OF MINNESOTA
DEFINED BENEFIT PENSION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM						
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	CORRECTIONAL EMPLOYEES RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
\$ 147,176	\$ 13,743	\$ 7,591	\$ 2,539	\$ 35	\$ 602	\$ 842,467
\$ (558)	\$ (60)	\$ (316)	\$ (5)	\$ (1)	\$ -	\$ (4,483)
(127)	64	(269)	(293)	(34)	(324)	(1,020)
136	10	(11)	1	-	-	337
-	-	-	-	-	-	(5)
(10)	2	2	-	-	-	465
2,354	173	136	460	-	(100)	81,179
-	-	-	(12)	-	-	(12)
5	-	-	-	-	-	53
26	-	-	-	-	-	198
-	-	-	-	-	-	10
\$ 1,826	\$ 189	\$ (458)	\$ 151	\$ (35)	\$ (424)	\$ 76,722
\$ 149,002	\$ 13,932	\$ 7,133	\$ 2,690	\$ -	\$ 178	\$ 919,189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
\$ 149,002	\$ 13,932	\$ 7,133	\$ 2,690	\$ -	\$ 178	\$ 919,193
\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125
\$ 148,964	\$ 13,932	\$ 7,133	\$ 2,690	\$ -	\$ 178	\$ 919,068
\$1,523,875	\$131,886	\$ -	\$18,598	\$ -	\$8,318	\$8,068,135
(64,845)	-	64,845	-	-	-	20,555
\$1,459,030	\$131,886	\$64,845	\$18,598	\$ -	\$8,318	\$8,088,690
\$1,607,994	\$145,818	\$71,978	\$21,288	\$ -	\$8,496	\$9,007,758

STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM UNCLASSIFIED EMPLOYEES RETIREMENT	TEACHERS RETIREMENT ASSOCIATION COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
ASSETS			
Cash and Investments.....	\$ 470	\$ -	\$ 470
Accounts Receivable.....	259	1	260
Equity in Investment Trust Funds.....	50,190	92,438	142,628
Total Assets.....	<u>\$50,919</u>	<u>\$92,439</u>	<u>\$143,358</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payables.....	\$ 13	\$ 129	\$ 142
Total Liabilities.....	<u>\$ 13</u>	<u>\$ 129</u>	<u>\$ 142</u>
Fund Balances:			
Reserved for Pension Benefits.....	\$50,906	\$92,310	\$143,216
Total Fund Balances.....	<u>\$50,906</u>	<u>\$92,310</u>	<u>\$143,216</u>
Total Liabilities and Fund Balances.....	<u>\$50,919</u>	<u>\$92,439</u>	<u>\$143,358</u>

**STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)**

	MINNESOTA STATE RETIREMENT SYSTEM	TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Operating Revenues:			
Investment Income.....	\$ 41	\$ 14	\$ 55
Realized/Unrealized Gain (Loss) on Investments in Investment Trust Fund.....	497	(1,664)	(1,167)
Other Income.....	-	33	33
Total Operating Revenues.....	\$ 538	\$ (1,617)	\$ (1,079)
Operating Expenses:			
Salaries and Fringe Benefits.....	\$ 97	\$ 52	\$ 149
Purchased Services.....	51	75	126
Supplies and Materials.....	2	-	2
Indirect Costs.....	-	1	1
Total Operating Expenses.....	\$ 150	\$ 128	\$ 278
Operating Income.....	\$ 388	\$ (1,745)	\$ (1,357)
Nonoperating Revenues (Expenses):			
Employer Contributions.....	\$ 3,176	\$ 1,373	\$ 4,549
Employee Contributions.....	2,167	1,373	3,540
Refunds.....	(1,509)	(2,322)	(3,831)
Net Nonoperating Revenues (Expenses).....	\$ 3,834	\$ 424	\$ 4,258
Income Before Operating Transfers.....	\$ 4,222	\$ (1,321)	\$ 2,901
Operating Transfers-In.....	241	-	241
Net Income.....	\$ 4,463	\$ (1,321)	\$ 3,142
Fund Balances, July 1, 1987.....	46,443	93,631	140,074
Fund Balances, June 30, 1988.....	\$50,906	\$92,310	\$143,216

STATE OF MINNESOTA
DEFINED CONTRIBUTION FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM UNCLASSIFIED EMPLOYEES RETIREMENT	TEACHERS RETIREMENT ASSOCIATION COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Cash Provided:			
From Operations:			
Net Income.....	\$ 4,463	\$(1,321)	\$ 3,142
Items Added to (Deducted from) Net Income:			
Decrease (Increase) in Current Assets:			
Accounts Receivable.....	\$ (58)	\$ 6	\$ (52)
Increase (Decrease) in Current Liabilities:			
Interfund Payables.....	1	129	130
Total Items Added (Deducted).....	\$ (57)	\$ 135	\$ 78
Total Cash Provided from Operations.....	\$ 4,406	\$(1,186)	\$ 3,220
Cash and Investments, July 1, 1987.....	46,254	93,624	139,878
Cash and Investments, June 30, 1988.....	<u>\$50,660</u>	<u>\$92,438</u>	<u>\$143,098</u>

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
ASSETS				
Cash.....	\$ -	\$ 6	\$ -	\$ 6
Investments.....	399,455	4,166,807	160,852	4,727,114
Interfund Receivables.....	-	102,999	-	102,999
Accrued Investment Income.....	2,000	91,072	47	93,119
Total Assets.....	<u>\$401,455</u>	<u>\$4,360,884</u>	<u>\$160,899</u>	<u>\$4,923,238</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable.....	\$ 68	\$ 240	\$ 94	\$ 402
Interfund Payables.....	-	334	331	665
Total Liabilities.....	<u>\$ 68</u>	<u>\$ 574</u>	<u>\$ 425</u>	<u>\$ 1,067</u>
Fund Balances:				
Reserved for Pension Benefits.....	<u>\$401,387</u>	<u>\$4,360,310</u>	<u>\$160,474</u>	<u>\$4,922,171</u>
Total Fund Balances.....	<u>\$401,387</u>	<u>\$4,360,310</u>	<u>\$160,474</u>	<u>\$4,922,171</u>
Total Liabilities and Fund Balances..	<u>\$401,455</u>	<u>\$4,360,884</u>	<u>\$160,899</u>	<u>\$4,923,238</u>

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Operating Revenues:				
Investment Income.....	\$ 23,753	\$ 356,051	\$ 5,158	\$ 384,962
Realized Gains on Investments:				
Proceeds from Security Sales.....	\$ 73,107	\$1,172,008	\$ 36,394	\$1,281,509
Cost of Securities Sold.....	78,592	1,081,448	38,947	1,198,987
Net Realized Gains.....	\$ (5,485)	\$ 90,560	\$ (2,553)	\$ 82,522
Unrealized Gains (Losses):				
Beginning of Period.....	\$ 19,335	\$ 271,809	\$ 12,507	\$ 303,651
End of Period.....	4,263	45,945	1,878	52,086
Decrease in Unrealized Appreciation.....	\$(15,072)	\$(225,864)	\$(10,629)	\$(251,565)
Total Operating Revenues.....	\$ 3,196	\$ 220,747	\$ (8,024)	\$ 215,919
Operating Expenses:				
Investment Management Fees.....	\$ 303	\$ 893	\$ 452	\$ 1,648
Operating Income (Loss).....	\$ 2,893	\$ 219,854	\$ (8,476)	\$ 214,271
Nonoperating Revenues (Expenses):				
Participant Contributions.....	\$ 34,349	\$ 491,619	\$ (42)	\$ 525,926
Participant Withdrawals.....	(36,647)	(369,831)	(1,818)	(408,296)
Net Nonoperating Revenues (Expenses).....	\$ (2,298)	\$ 121,788	\$ (1,860)	\$ 117,630
Net Income (Loss).....	\$ 595	\$ 341,642	\$(10,336)	\$ 331,901
Fund Balances, July 1, 1987.....	400,792	4,018,668	170,810	4,590,270
Fund Balances, June 30, 1988.....	\$401,387	\$4,360,310	\$160,474	\$4,922,171

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income (Loss).....	\$ 595	\$ 341,642	\$(10,336)	\$ 331,901
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Security Sales Receivable.....	\$ -	\$ 2,369	\$ -	\$ 2,369
Interfund Receivables.....	-	(81,272)	246	(81,026)
Accrued Investment Income.....	63	(21,098)	(45)	(21,080)
Increase (Decrease) in Current Liabilities:				
Security Purchases Payable.....	(4,581)	(895)	-	(5,476)
Accounts Payable.....	34	4	55	93
Interfund Payables.....	-	107	331	438
Total Items Added (Deducted).....	\$ (4,484)	\$ (100,785)	\$ 587	\$ (104,682)
Total Cash Provided From Operations.....	\$ (3,889)	\$ 240,857	\$ (9,749)	\$ 227,219
Cash and Investments, July 1, 1987.....	403,344	3,925,956	170,601	4,499,901
Cash and Investments, June 30, 1988.....	<u>\$399,455</u>	<u>\$4,166,813</u>	<u>\$160,852</u>	<u>\$4,727,120</u>

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING SCHEDULE OF PARTICIPATION
JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Defined Benefit Pension Funds:				
Teachers Retirement Association:				
Teachers Retirement.....	\$ -	\$1,645,711	\$172,659	\$1,818,370
Minnesota State Retirement System:				
State Employees Retirement.....	-	649,064	-	649,064
State Patrol Retirement.....	-	72,739	-	72,739
Correctional Employees Retirement.....	-	25,435	-	25,435
Judicial Retirement.....	-	17,812	-	17,812
Legislative Retirement.....	-	8,496	-	8,496
Public Employees Retirement Association:				
Public Employees Retirement.....	-	1,476,423	-	1,476,423
Police and Fire.....	-	145,187	-	145,187
Police and Fire Consolidation.....	-	16,405	-	16,405
Subtotal.....	\$ -	\$4,057,272	\$172,659	\$4,229,931
Defined Contribution Funds:				
Minnesota State Retirement System:				
Unclassified Employees Retirement.....	\$ 50,190	\$ -	\$ -	\$ 50,190
Teachers Retirement Association:				
College Supplemental Retirement.....	92,438	-	-	92,438
Subtotal.....	\$142,628	\$ -	\$ -	\$ 142,628
Agency Fund:				
Deferred Compensation.....	\$123,221	\$ -	\$ -	\$ 123,221
Total State Retirement and Agency Funds.....	\$265,849	\$4,057,272	\$172,659	\$4,495,780
Non-State Funds.....	135,542	-	-	135,542
Subtotal.....	\$401,391	\$4,057,272	\$172,659	\$4,631,322
Unrealized Appreciation on Investments.....	-	45,945	1,878	47,823
Undistributed Earnings (Losses).....	(4)	257,093	(14,063)	243,026
Total Participation and Undistributed Earnings...	\$401,387	\$4,360,310	\$160,474	\$4,922,171

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING SUMMARY OF INVESTMENTS
JUNE 30, 1988
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Bonds and Other Debt Certificates:				
U.S. Government Obligations.....	\$ 57,091	\$2,736,750	\$ -	\$2,793,841
Canadian Government Obligations.....	-	101,551	-	101,551
Public Utilities.....	1,732	192,083	-	193,815
Finance Industry Corporations.....	3,977	153,706	-	157,683
Industrial Corporations.....	22,848	231,450	-	254,298
Transportation Industry Corporations....	868	19,079	-	19,947
Other Securities.....	-	293	-	293
Total Bonds and Other Debt Certificates.....	\$ 86,516	\$3,434,912	\$ -	\$3,521,428
Common Stock:				
Public Utilities.....	\$ 20,713	\$ 56,287	\$ 4,406	\$ 81,406
Finance Industry Corporations.....	20,966	110,013	10,049	141,028
Manufacturing Industry Corporations.....	103,126	193,292	88,170	384,588
Food Industry Corporations.....	12,356	14,205	6,155	32,716
Retail Industry Corporations.....	10,518	15,420	7,841	33,779
Transportation Industry Corporations....	11,087	17,910	11,527	40,524
Raw Material Industry Corporations.....	15,561	27,404	8,414	51,379
Other Industries.....	18,860	8,679	16,456	43,995
Total Common Stock.....	\$213,187	\$ 443,210	\$153,018	\$ 809,415
Short-Term Securities (Cash Equivalents)..	\$ 99,752	\$ 288,685	\$ 7,834	\$ 396,271
Total Investments.....	\$399,455	\$4,166,807	\$160,852	\$4,727,114

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
ASSETS			
Cash and Investments.....	\$128,853	\$162,337	\$ -
Accounts Receivable.....	42	309	-
Interfund Receivables.....	2,815	6,695	16,000
Accrued Investment Income.....	-	-	-
Deferred Costs.....	-	-	-
Loans/Notes Receivable.....	-	-	-
Total Assets.....	<u>\$131,710</u>	<u>\$169,341</u>	<u>\$16,000</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable.....	\$ 206	\$ 5,643	\$ -
Deferred Revenue.....	-	-	-
Compensated Absences Payable.....	-	-	-
Advances from Other Funds.....	-	-	-
Total Liabilities.....	<u>\$ 206</u>	<u>\$ 5,643</u>	<u>\$ -</u>
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances.....	\$ 386	\$ 1,396	\$ -
Reserved for Long-Term Receivables.....	-	-	-
Reserved for Local Governments.....	131,118	162,302	16,000
Reserved for Insurance Benefits.....	-	-	-
Reserved for Other.....	-	-	-
Total Reserved Fund Balances.....	<u>\$131,504</u>	<u>\$163,698</u>	<u>\$16,000</u>
Unreserved Fund Balances:			
Designated for Fund Purposes.....	\$ -	\$ -	\$ -
Undesignated.....	-	-	-
Total Unreserved Fund Balances.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balances.....	<u>\$131,504</u>	<u>\$163,698</u>	<u>\$16,000</u>
Total Liabilities and Fund Balances.....	<u>\$131,710</u>	<u>\$169,341</u>	<u>\$16,000</u>

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1988
(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
\$6,291	\$51,505	\$7,062	\$178,535	\$26,675	\$561,258
187	263	-	35,148	12,282	48,231
-	-	-	-	-	25,510
2	-	5	-	-	7
4	-	-	-	-	4
-	9,670	316	-	-	9,986
<u>\$6,484</u>	<u>\$61,438</u>	<u>\$7,383</u>	<u>\$213,683</u>	<u>\$38,957</u>	<u>\$644,996</u>
\$ 451	\$ 82	\$ 43	\$ 7,107	\$21,505	\$ 35,037
-	-	-	2,243	453	2,696
26	31	-	-	13	70
-	-	-	-	546	546
<u>\$ 477</u>	<u>\$ 113</u>	<u>\$ 43</u>	<u>\$ 9,350</u>	<u>\$22,517</u>	<u>\$ 38,349</u>
\$1,525	\$ 979	\$ 49	\$ -	\$ -	\$ 4,335
-	8,452	316	26,385	-	35,153
-	-	-	-	-	309,420
-	-	-	-	16,440	16,440
4	6,346	-	-	-	6,350
<u>\$1,529</u>	<u>\$15,777</u>	<u>\$ 365</u>	<u>\$ 26,385</u>	<u>\$16,440</u>	<u>\$371,698</u>
\$4,478	\$45,548	\$6,700	\$177,948	\$ -	\$234,674
-	-	275	-	-	275
<u>\$4,478</u>	<u>\$45,548</u>	<u>\$6,975</u>	<u>\$177,948</u>	<u>\$ -</u>	<u>\$234,949</u>
\$6,007	\$61,325	\$7,340	\$204,333	\$16,440	\$406,647
<u>\$6,484</u>	<u>\$61,438</u>	<u>\$7,383</u>	<u>\$213,683</u>	<u>\$38,957</u>	<u>\$644,996</u>

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
Net Revenues:			
Unemployment Taxes.....	\$ -	\$ -	\$ -
Mining Taxes.....	-	-	-
Insurance Premiums.....	-	-	-
Federal Revenues.....	-	-	-
Other Intergovernmental Revenues.....	-	-	-
Investment Income.....	9,572	13,157	-
Other Revenues.....	142	255	-
Net Revenues.....	\$ 9,714	\$ 13,412	\$ -
Expenditures:			
Current:			
Protection of Persons and Property.....	\$ -	\$ -	\$ -
Transportation.....	515	1,643	-
Resource Management.....	-	-	-
Economic and Manpower Development.....	-	-	-
Education.....	-	-	-
Health and Social Services.....	-	-	-
General Government.....	-	-	-
Total Current Expenditures.....	\$ 515	\$ 1,643	\$ -
Grants and Subsidies.....	55,726	206,251	29,200
Total Expenditures.....	\$ 56,241	\$ 207,894	\$ 29,200
Excess of Revenues Over (Under) Expenditures.....	\$(46,527)	\$(194,482)	\$(29,200)
Other Financing Sources (Uses):			
Operating Transfers-In.....	\$ 56,516	\$ 186,914	\$ 30,410
Operating Transfers-Out.....	-	-	-
Net Other Financing Sources (Uses).....	\$ 56,516	\$ 186,914	\$ 30,410
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	\$ 9,989	\$ (7,568)	\$ 1,210
Fund Balances, July 1, 1987, as Reported.....	\$121,515	\$ 171,266	\$ 14,790
Prior Period Adjustments.....	-	-	-
Fund Balances, July 1, 1987, as Restated.....	\$121,515	\$ 171,266	\$ 14,790
Fund Balances, June 30, 1988.....	\$131,504	\$ 163,698	\$ 16,000

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
\$ -	\$ -	\$ -	\$406,681	\$ -	\$ 406,681
-	102	-	-	-	102
-	-	-	-	125,129	125,129
-	-	-	8,439	-	8,439
170	-	-	-	-	170
371	3,650	545	1,856	1,940	31,091
9,761	451	-	2,537	367	13,513
<u>\$10,302</u>	<u>\$ 4,203</u>	<u>\$ 545</u>	<u>\$419,513</u>	<u>\$127,436</u>	<u>\$ 585,125</u>
\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 5
1	-	-	-	-	2,159
286	-	-	-	-	286
157	1,113	222	-	-	1,492
2,609	-	-	-	-	2,609
336	-	-	-	-	336
332	-	-	-	111,142	111,474
<u>\$ 3,726</u>	<u>\$ 1,113</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$111,142</u>	<u>\$ 118,361</u>
7,337	71	96	316,229	-	614,910
<u>\$11,063</u>	<u>\$ 1,184</u>	<u>\$ 318</u>	<u>\$316,229</u>	<u>\$111,142</u>	<u>\$ 733,271</u>
<u>\$ (761)</u>	<u>\$ 3,019</u>	<u>\$ 227</u>	<u>\$103,284</u>	<u>\$ 16,294</u>	<u>\$ (148,146)</u>
\$ 160	\$ -	\$1,395	\$ -	\$ -	\$ 275,395
(178)	(372)	-	-	-	(550)
<u>\$ (18)</u>	<u>\$ (372)</u>	<u>\$1,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,845</u>
<u>\$ (779)</u>	<u>\$ 2,647</u>	<u>\$1,622</u>	<u>\$103,284</u>	<u>\$ 16,294</u>	<u>\$ 126,699</u>
\$ 6,786	\$58,678	\$5,718	\$101,049	\$ (4,160)	\$ 475,642
-	-	-	-	4,306	4,306
<u>\$ 6,786</u>	<u>\$58,678</u>	<u>\$5,718</u>	<u>\$101,049</u>	<u>\$ 146</u>	<u>\$ 479,948</u>
<u>\$ 6,007</u>	<u>\$61,325</u>	<u>\$7,340</u>	<u>\$204,333</u>	<u>\$ 16,440</u>	<u>\$ 606,647</u>

STATE OF MINNESOTA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	BALANCE JULY 1, 1987	INCREASES	DECREASES	BALANCE JUNE 30, 1988
<u>SOCIAL WELFARE</u>				
ASSETS				
Cash and Investments.....	\$ 5,546	\$ 15,996	\$ 15,963	\$ 5,579
Interfund Receivables.....	-	38	-	38
Accrued Investment Income.....	36	-	36	-
Total Assets.....	\$ 5,582	\$ 16,034	\$ 15,999	\$ 5,617
LIABILITIES				
Accounts Payable.....	\$ 209	\$ 175	\$ 209	\$ 175
Funds Held in Trust.....	5,373	15,859	15,790	5,442
Total Liabilities.....	\$ 5,582	\$ 16,034	\$ 15,999	\$ 5,617
<u>DEFERRED COMPENSATION</u>				
ASSETS				
Cash and Investments.....	\$135,430	\$134,461	\$ 67,732	\$202,159
Accounts Receivable.....	2,363	2,179	2,362	2,180
Equity in Investment Trust Funds.....	117,982	35,684	30,445	123,221
Total Assets.....	\$255,775	\$172,324	\$100,539	\$327,560
LIABILITIES				
Accounts Payable.....	\$ 6	\$ 8	\$ 6	\$ 8
Interfund Payables.....	16	15	16	15
Funds Held in Trust.....	255,753	93,613	21,829	327,537
Total Liabilities.....	\$255,775	\$ 93,636	\$ 21,851	\$327,560
<u>TAXES CLEARING</u>				
ASSETS				
Cash and Investments.....	\$ 7,103	\$ 31,739	\$ 31,636	\$ 7,206
Accounts Receivable.....	13	-	13	-
Total Assets.....	\$ 7,116	\$ 31,739	\$ 31,649	\$ 7,206
LIABILITIES				
Interfund Payables.....	\$ -	\$ 60	\$ -	\$ 60
Payable to Other Governments.....	3,000	2,637	3,000	2,637
Funds Held in Trust.....	4,116	29,042	28,649	4,509
Total Liabilities.....	\$ 7,116	\$ 31,739	\$ 31,649	\$ 7,206

STATE OF MINNESOTA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	BALANCE JULY 1, 1987	INCREASES	DECREASES	BALANCE JUNE 30, 1988
<u>DISBURSEMENT CLEARING</u>				
ASSETS				
Cash and Investments.....	\$120,901	\$399,094	\$362,577	\$157,418
Total Assets.....	\$120,901	\$399,094	\$362,577	\$157,418
LIABILITIES				
Warrants Payable.....	\$120,901	\$399,094	\$362,577	\$157,418
Total Liabilities.....	\$120,901	\$399,094	\$362,577	\$157,418
<u>MISCELLANEOUS AGENCY</u>				
ASSETS				
Cash and Investments.....	\$ 10,934	\$ 98,287	\$ 99,376	\$ 9,845
Accounts Receivable.....	253	164	240	177
Interfund Receivables.....	21	1,439	198	1,262
Accrued Investment Income.....	18	-	18	-
Deferred Costs.....	180	100	180	100
Total Assets.....	\$ 11,406	\$ 99,990	\$100,012	\$ 11,384
LIABILITIES				
Accounts Payable.....	\$ 5,193	\$ 2,163	\$ 5,125	\$ 2,231
Interfund Payables.....	218	95	48	265
Payable to Other Governments.....	99	225	100	224
Funds Held in Trust.....	5,896	96,878	94,110	8,664
Total Liabilities.....	\$ 11,406	\$ 99,361	\$ 99,383	\$ 11,384
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments.....	\$279,914	\$679,577	\$577,284	\$382,207
Accounts Receivable.....	2,629	2,343	2,615	2,357
Interfund Receivables.....	21	1,477	198	1,300
Accrued Investment Income.....	54	-	54	-
Deferred Costs.....	180	100	180	100
Equity in Investment Trust Funds.....	117,982	35,684	30,445	123,221
Total Assets.....	\$400,780	\$719,181	\$610,776	\$509,185
LIABILITIES				
Warrants Payable.....	\$120,901	\$399,094	\$362,577	\$157,418
Accounts Payable.....	5,408	2,346	5,340	2,414
Interfund Payables.....	234	170	64	340
Payable to Other Governments.....	3,099	2,862	3,100	2,861
Funds Held in Trust.....	271,138	235,392	160,378	346,152
Total Liabilities.....	\$400,780	\$639,864	\$531,459	\$509,185

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GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use by the state, other than those accounted for in proprietary and fiduciary funds.

STATE OF MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCES
JUNE 30, 1988
(IN THOUSANDS)

General Fixed Assets:

Land.....	\$ 185,441
Buildings.....	756,444
Equipment.....	341,346
Construction in Progress.....	<u>92,728</u>

Total General Fixed Assets.....	<u>\$1,375,959</u>
---------------------------------	--------------------

Investment in General Fixed Assets:

Investment in Property Acquired Prior to July 1, 1984 - Source Unidentified.....	\$ 898,009
---	------------

Expenditures from:

General Fund.....	74,904
Special Revenue Funds:	
Trunk Highway Fund.....	160,747
Highway User Tax Distribution Fund.....	728
Other Transportation Funds.....	764
Federal Fund.....	32,194
Environmental Fund.....	183
Natural Resources Funds.....	12,470
Special Workers Compensation Fund.....	970
Iron Range Resources and Rehabilitation Fund.....	15,705
Appropriated Miscellaneous Special Revenue Funds.....	1,045
Nonappropriated Miscellaneous Special Revenue Fund.....	20,146
Capital Projects Funds:	
General Project Fund.....	9,107
Building Fund.....	135,627
Donations.....	<u>13,360</u>

Total Investment in General Fixed Assets.....	<u>\$1,375,959</u>
---	--------------------

STATE OF MINNESOTA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 1988
(IN THOUSANDS)

Function and Activity	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons and Property:					
Military Affairs.....	\$ 3,748	\$ 43,811	\$ 445	\$10,107	\$ 58,111
Public Safety.....	-	-	27,529	-	27,529
Others.....	-	-	108	-	108
Total Protection of Persons and Property...	<u>\$ 3,748</u>	<u>\$ 43,811</u>	<u>\$ 28,082</u>	<u>\$10,107</u>	<u>\$ 85,748</u>
Transportation:					
Transportation.....	\$ 4,514	\$ 80,125	\$115,025	\$ 1,692	\$ 201,356
Others.....	-	-	10	-	10
Total Transportation.....	<u>\$ 4,514</u>	<u>\$ 80,125</u>	<u>\$115,035</u>	<u>\$ 1,692</u>	<u>\$ 201,366</u>
Resource Management:					
Natural Resources.....	\$148,170	\$ 28,303	\$ 36,855	\$ 283	\$ 213,611
Pollution Control.....	-	-	3,773	-	3,773
Others.....	-	-	116	-	116
Total Resource Management.....	<u>\$148,170</u>	<u>\$ 28,303</u>	<u>\$ 40,744</u>	<u>\$ 283</u>	<u>\$ 217,500</u>
Economic and Manpower Development:					
Agriculture.....	\$ -	\$ -	\$ 1,927	\$ -	\$ 1,927
Commerce.....	-	-	844	-	844
Jobs and Training.....	448	5,939	16,488	-	22,875
Economic Development.....	-	-	1,565	-	1,565
Labor and Industry.....	-	-	3,082	-	3,082
Iron Range Resources and Rehabilitation.....	182	22,971	2,922	953	27,028
Public Service.....	-	-	1,252	-	1,252
Others.....	-	-	582	-	582
Total Economic and Manpower Development....	<u>\$ 630</u>	<u>\$ 28,910</u>	<u>\$ 28,662</u>	<u>\$ 953</u>	<u>\$ 59,155</u>
Education:					
State University System.....	\$ 7,190	\$143,305	\$ 56,215	\$19,883	\$ 226,593
Community College System.....	8,720	98,466	17,840	23,121	148,147
Vocational Technical Education.....	-	-	996	-	996
Education.....	30	9,840	2,321	-	12,191
Higher Education Coordinating Board.....	-	-	912	-	912
Others.....	-	-	151	-	151
Total Education.....	<u>\$ 15,940</u>	<u>\$251,611</u>	<u>\$ 78,435</u>	<u>\$43,004</u>	<u>\$ 388,990</u>
Health and Social Services:					
Health.....	\$ -	\$ -	\$ 4,862	\$ -	\$ 4,862
Human Services.....	212	148,438	11,993	-	160,643
Veterans Affairs.....	58	17,035	958	-	18,051
Corrections.....	107	89,091	9,810	1,046	100,054
Others.....	30	-	594	-	624
Total Health and Human Services.....	<u>\$ 407</u>	<u>\$254,564</u>	<u>\$ 28,217</u>	<u>\$ 1,046</u>	<u>\$ 284,234</u>
General Government:					
Administration (1).....	\$ 12,032	\$ 69,120	\$ 5,168	\$35,643	\$ 121,963
Attorney General.....	-	-	1,020	-	1,020
State Planning.....	-	-	1,204	-	1,204
Governor.....	-	-	632	-	632
Legislature.....	-	-	5,061	-	5,061
Supreme Court.....	-	-	1,293	-	1,293
Revenue.....	-	-	3,743	-	3,743
Others.....	-	-	4,050	-	4,050
Total General Government.....	<u>\$ 12,032</u>	<u>\$ 69,120</u>	<u>\$ 22,171</u>	<u>\$35,643</u>	<u>\$ 138,966</u>
Total General Fixed Assets.....	<u>\$185,441</u>	<u>\$756,444</u>	<u>\$341,346</u>	<u>\$92,728</u>	<u>\$1,375,959</u>

(1) Consists primarily of buildings and land located in the capitol complex.

STATE OF MINNESOTA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

Function and Activity	GENERAL FIXED ASSETS JULY 1, 1987	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	ADJUSTMENTS	GENERAL FIXED ASSETS JUNE 30, 1988
Protection of Persons and Property:					
Military Affairs.....	\$ 49,967	\$ 8,056	\$ 47	\$ 135	\$ 58,111
Public Safety.....	25,159	6,198	2,807	(1,021)	27,529
Others.....	102	22	-	(16)	108
Total Protection of Persons and Property..	<u>\$ 75,228</u>	<u>\$ 14,276</u>	<u>\$ 2,854</u>	<u>\$ (902)</u>	<u>\$ 85,748</u>
Transportation:					
Transportation.....	\$ 193,091	\$ 15,900	\$ 5,745	\$ (1,890)	\$ 201,356
Others.....	14	1	-	(5)	10
Total Transportation.....	<u>\$ 193,105</u>	<u>\$ 15,901</u>	<u>\$ 5,745</u>	<u>\$ (1,895)</u>	<u>\$ 201,366</u>
Resource Management:					
Natural Resources.....	\$ 197,467	\$ 18,575	\$ 2,796	\$ 365	\$ 213,611
Pollution Control.....	2,982	1,212	147	(274)	3,773
Others.....	134	1	7	(12)	116
Total Resource Management.....	<u>\$ 200,583</u>	<u>\$ 19,788</u>	<u>\$ 2,950</u>	<u>\$ 79</u>	<u>\$ 217,500</u>
Economic and Manpower Development:					
Agriculture.....	\$ 1,900	\$ 339	\$ 135	\$ (177)	\$ 1,927
Commerce.....	692	225	-	(73)	844
Jobs and Training.....	21,047	4,476	1,773	(875)	22,875
Economic Development.....	1,074	531	(101)	(141)	1,565
Labor and Industry.....	2,293	876	2	(85)	3,082
Iron Range Resources and Rehabilitation....	24,143	2,984	(55)	(154)	27,028
Public Service.....	1,235	131	(11)	(125)	1,252
Others.....	508	185	27	(84)	582
Total Economic and Manpower Development...	<u>\$ 52,892</u>	<u>\$ 9,747</u>	<u>\$ 1,770</u>	<u>\$ (1,714)</u>	<u>\$ 59,155</u>
Education:					
State University System.....	\$ 212,418	\$ 20,208	\$ 1,239	\$ (4,794)	\$ 226,593
Community College System.....	139,789	11,559	110	(3,091)	148,147
Vocational Technical Education.....	760	345	-	(109)	996
Education.....	12,013	554	31	(345)	12,191
Higher Education Coordinating Board.....	508	430	-	(26)	912
Others.....	116	50	-	(15)	151
Total Education.....	<u>\$ 365,604</u>	<u>\$ 33,146</u>	<u>\$ 1,380</u>	<u>\$ (8,380)</u>	<u>\$ 388,990</u>
Health and Social Services:					
Health.....	\$ 4,258	\$ 1,012	\$ -	\$ (408)	\$ 4,862
Human Services.....	160,251	2,592	93	(2,107)	160,643
Veterans Affairs.....	18,198	199	102	(244)	18,051
Corrections.....	98,596	3,013	422	(1,133)	100,054
Others.....	587	109	-	(72)	624
Total Health and Human Services.....	<u>\$ 281,890</u>	<u>\$ 6,925</u>	<u>\$ 617</u>	<u>\$ (3,964)</u>	<u>\$ 284,234</u>
General Government:					
Administration (1).....	\$ 115,949	\$ 6,267	\$ 94	\$ (159)	\$ 121,963
Attorney General.....	783	441	12	(192)	1,020
State Planning.....	1,152	132	2	(78)	1,204
Governor.....	429	209	(18)	(24)	632
Legislature.....	4,290	807	11	(25)	5,061
Supreme Court.....	835	542	1	(83)	1,293
Revenue.....	2,715	1,149	(197)	(318)	3,743
Others.....	2,453	1,622	(131)	(156)	4,050
Total General Government.....	<u>\$ 128,606</u>	<u>\$ 11,169</u>	<u>\$ (226)</u>	<u>\$ (1,035)</u>	<u>\$ 138,966</u>
Total General Fixed Assets.....	<u>\$1,297,908</u>	<u>\$110,952</u>	<u>\$15,090</u>	<u>\$ (17,811)</u>	<u>\$1,375,959</u>

(1) Consists primarily of buildings and land located in the capitol complex.

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP

The General Long-Term Obligation Account Group accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.

STATE OF MINNESOTA
GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP
STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
YEAR ENDED JUNE 30, 1988
(IN THOUSANDS)

	BALANCE JULY 1, 1987	INCREASE	DECREASE	BALANCE JUNE 30, 1988
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	\$ 90,640	\$ 269,324	\$268,559	\$ 91,405
Amount to be Provided:				
General Fund.....	\$1,308,927	\$ 637,570	\$514,587	\$1,431,910
Trunk Highway Fund.....	116,861	37,767	20,097	134,531
Highway User Tax Distribution Fund.....	447	38	-	485
Other Transportation Funds.....	242	23	-	265
Federal Fund.....	8,171	707	-	8,878
Environmental Fund.....	137	66	-	203
Natural Resources Funds.....	3,436	404	173	3,667
Maximum Effort School Loan Fund.....	20,754	10,960	11,822	19,892
Special Workers Compensation Fund.....	624	498	21	1,101
Iron Range Resources and Rehabilitation Fund.....	206	7	-	213
Appropriated Miscellaneous Special Revenue Funds....	1,380	303	-	1,683
Nonappropriated Miscellaneous Special Revenue Fund..	1,812	52,344	3,660	50,496
Total Amount to be Provided.....	\$1,462,997	\$ 740,687	\$550,360	\$1,653,324
Total Amount Available and to be Provided.....	\$1,553,637	\$1,010,011	\$818,919	\$1,744,729
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	\$1,137,560	\$ 393,000	\$252,777	\$1,277,783
Loans Payable.....	9,899	20,515	394	30,020
Claims and Judgments Payable.....	18,629	3,389	8,883	13,135
Grants and Subsidies Payable.....	286,766	300,660	286,766	300,660
Compensated Absences Payable.....	94,567	10,106	-	104,673
Capital Leases Payable.....	1,635	12,491	400	13,726
Pension Liabilities.....	4,581	151	-	4,732
Total General Long-Term Obligations.....	\$1,553,637	\$ 740,312	\$549,220	\$1,744,729

GENERAL OBLIGATION
DEBT SCHEDULES

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1989-2008
PRINCIPAL PAYMENTS—BOLD **INTEREST PAYMENTS—MEDIUM FACE**
(\$ in Thousands)

Fund & Type	Authorization Year-Chapter	Amount Outstanding 6-30-88	1989	1990	1991	1992	1993
General Fund							
State Building (Voc-Tech)	75-436	\$ 6,375	\$ 775	\$ 775	\$ 775	\$ 775	\$ 775
			334	293	251	207	163
State Building, Capital Improvement	X67-8	3,577	1,789	1,789	—	—	—
			159	53	—	—	—
	69-1159	19,398	7,336	7,336	4,725	—	—
			809	504	185	—	—
	71-963	28,394	5,368	5,368	5,368	5,368	2,288
			1,112	841	566	441	314
	73-778	18,832	2,329	2,329	2,329	2,329	2,329
			931	816	699	580	459
	74-541	1,433	205	205	205	205	205
			77	65	53	41	29
	75-436	7,571	847	847	847	847	847
			374	333	292	249	205
	76-348	24,425	2,693	2,693	2,693	2,693	2,693
			1,193	1,068	941	810	679
	77-421	4,500	375	375	375	375	375
			282	260	237	215	192
	77-451	18,626	1,743	1,743	1,743	1,743	1,743
			984	896	807	718	628
	78-792	38,243	3,325	3,325	3,325	3,325	3,325
			2,255	2,067	1,879	1,691	1,500
	79-301	24,000	2,000	2,000	2,000	2,000	2,000
			1,505	1,385	1,265	1,145	1,023
	79-338	1,608	—	322	322	322	322
			136	123	96	68	41
	81-4	1,883	129	325	325	325	325
			158	139	111	82	54
	81-304	2,243	—	449	449	449	449
			190	171	133	95	57
	81-334	5,528	167	283	600	576	577
			376	359	328	287	248
	81-361	731	15	140	140	140	140
			62	55	43	31	19
	81-362	7,582	743	1,219	1,219	1,219	1,219
			634	549	443	336	229
	82-639	229	—	46	46	46	46
			19	18	14	10	6
	83-344	29,628	3,642	4,635	4,715	4,588	4,588
			2,378	2,037	1,646	1,254	864
	84-597	97,541	6,606	6,941	13,161	14,090	14,112
			6,729	6,200	5,460	4,498	3,503
	X85-15	97,412	7,497	8,193	14,091	14,458	14,521
			6,515	5,962	5,187	4,210	3,213
	87-400	5,896	—	—	706	850	805
			368	368	347	300	251
State School Energy Building Bonds	83-323	13,900	1,800	1,800	1,800	1,800	1,800
			887	714	579	453	311
State Building (Natural Resources)	75-415	9,000	1,000	1,000	1,000	1,000	1,000
			448	399	348	296	244
Pollution Control	X71-20	10,150	1,738	1,738	1,738	1,738	1,738
			215	187	158	128	98
	73-771	8,850	1,013	1,013	1,013	1,013	1,013
			438	390	341	290	239
	75-354	16,650	1,450	1,450	1,450	1,450	1,450
			979	898	816	734	651
	77-418	600	50	50	50	50	50
			38	35	32	29	26
	79-285	1,500	—	300	300	300	300
			127	115	89	64	38
	83-116	14,755	2,194	2,398	2,555	2,306	2,326
			1,048	886	706	525	349
	84-597	15,900	90	140	1,730	2,175	2,165
			993	966	930	813	683

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1995-2008
PRINCIPAL PAYMENTS—BOLD INTEREST PAYMENTS—MEDIUM FACE
(\$ in Thousands)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$ 775	\$ 775	\$ 775	\$ 175	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
119	76	34	9	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2,268	1,288	685	435	—	—	—	—	—	—	—	—	—	—	—
190	95	43	12	—	—	—	—	—	—	—	—	—	—	—
2,329	1,829	1,586	1,358	53	53	—	—	—	—	—	—	—	—	—
337	229	141	65	6	3	—	—	—	—	—	—	—	—	—
205	205	—	—	—	—	—	—	—	—	—	—	—	—	—
16	5	—	—	—	—	—	—	—	—	—	—	—	—	—
847	847	847	795	—	—	—	—	—	—	—	—	—	—	—
162	117	72	29	—	—	—	—	—	—	—	—	—	—	—
2,683	2,683	2,683	2,683	93	93	—	—	—	—	—	—	—	—	—
544	409	271	132	11	5	—	—	—	—	—	—	—	—	—
375	375	375	375	375	375	375	—	—	—	—	—	—	—	—
169	145	122	98	73	49	24	—	—	—	—	—	—	—	—
1,743	1,743	1,743	1,743	1,743	1,193	—	—	—	—	—	—	—	—	—
537	445	352	258	164	69	—	—	—	—	—	—	—	—	—
3,325	3,325	3,325	3,325	3,325	3,325	1,663	—	—	—	—	—	—	—	—
1,307	1,112	916	716	515	312	108	—	—	—	—	—	—	—	—
2,000	2,000	2,000	2,000	2,000	2,000	2,000	—	—	—	—	—	—	—	—
899	774	648	520	390	260	130	—	—	—	—	—	—	—	—
322	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14	—	—	—	—	—	—	—	—	—	—	—	—	—	—
325	129	—	—	—	—	—	—	—	—	—	—	—	—	—
26	6	—	—	—	—	—	—	—	—	—	—	—	—	—
448	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	—	—	—	—	—	—	—	—	—	—	—	—	—	—
571	356	300	300	300	300	300	300	300	300	—	—	—	—	—
207	175	154	135	116	95	75	54	32	11	—	—	—	—	—
140	15	—	—	—	—	—	—	—	—	—	—	—	—	—
7	1	—	—	—	—	—	—	—	—	—	—	—	—	—
1,219	743	—	—	—	—	—	—	—	—	—	—	—	—	—
122	34	—	—	—	—	—	—	—	—	—	—	—	—	—
46	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4,557	2,894	—	—	—	—	—	—	—	—	—	—	—	—	—
468	134	—	—	—	—	—	—	—	—	—	—	—	—	—
13,892	11,179	5,410	945	1,125	2,080	2,080	1,985	1,985	1,950	—	—	—	—	—
2,497	1,585	1,012	814	746	639	495	352	211	70	—	—	—	—	—
14,171	8,461	4,840	1,180	1,005	1,815	1,815	1,825	1,785	1,755	—	—	—	—	—
2,190	1,373	925	737	666	571	446	318	190	63	—	—	—	—	—
800	740	590	115	120	230	230	225	265	220	—	—	—	—	—
203	156	116	94	80	75	59	43	25	8	—	—	—	—	—
1,800	1,800	1,300	—	—	—	—	—	—	—	—	—	—	—	—
206	137	52	—	—	—	—	—	—	—	—	—	—	—	—
1,000	1,000	1,000	1,000	—	—	—	—	—	—	—	—	—	—	—
191	136	83	28	—	—	—	—	—	—	—	—	—	—	—
488	488	488	—	—	—	—	—	—	—	—	—	—	—	—
66	40	13	—	—	—	—	—	—	—	—	—	—	—	—
1,013	1,013	1,013	750	—	—	—	—	—	—	—	—	—	—	—
186	134	82	36	—	—	—	—	—	—	—	—	—	—	—
1,450	1,450	1,450	1,450	1,450	1,450	700	—	—	—	—	—	—	—	—
567	482	397	310	222	134	46	—	—	—	—	—	—	—	—
50	50	50	50	50	50	50	—	—	—	—	—	—	—	—
22	19	16	13	10	7	3	—	—	—	—	—	—	—	—
300	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2,247	729	—	—	—	—	—	—	—	—	—	—	—	—	—
164	35	—	—	—	—	—	—	—	—	—	—	—	—	—
2,135	1,925	1,550	260	135	700	700	690	680	715	—	—	—	—	—
554	432	326	270	254	222	174	125	76	26	—	—	—	—	—

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1989-2008
PRINCIPAL PAYMENTS—BOLD **INTEREST PAYMENTS—MEDIUM FACE**
(\$ in Thousands)

Fund & Type	Authorization Year-Chapter	Amount Outstanding 6-30-88	1989	1990	1991	1992	1993
State Building (Parks & Recreation).....	'77-421	\$ 27,000	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700
			1,297	1,173	1,049	922	794
State Transportation	'76-339	11,250	1,250	1,250	1,250	1,250	1,250
			543	486	429	369	310
	'77-277	25,600	2,500	2,500	2,500	2,500	2,500
			1,275	1,156	1,037	916	793
	'79-280	21,502	2,252	2,557	2,908	2,763	2,776
			1,475	1,307	1,113	911	710
	'80-610	1,705	140	285	285	285	285
			143	124	100	75	50
	'84-597	4,201	600	600	600	600	600
			349	296	243	190	136
Vietnam Veterans' Bonus	'73-204	18,000	3,000	3,000	3,000	3,000	3,000
			797	655	512	367	221
Waste Management	'80-564	6,500	219	265	846	926	928
			423	405	368	311	251
	X'85-15	4,313	329	360	648	646	619
			289	265	230	186	142
Zoological Gardens	'73-207	11,725	1,625	1,650	1,700	1,750	1,800
			601	513	421	325	225
Refunding Bonds	'85-16A 66	414,085	—	—	—	—	1,585
			26,989	28,772	28,772	28,772	28,724
Exchange Bonds	X'85-15	5,289	—	—	—	—	—
			3	3	3	3	3
Reinvestment in Minnesota (RIM)	'86-383	16,000	1,600	1,600	1,600	1,600	1,600
			931	835	739	643	547
Rural Finance Authority (RFA)	'86-398	2,500	—	—	—	2,500	—
			223	223	223	167	—
Total General Fund		1,107,632	73,133	77,991	89,830	89,072	85,156
			68,185	65,384	60,220	54,757	49,223
Trunk Highway Fund	'67-873	1,300	1,300	—	—	—	—
			24	—	—	—	—
	'77-277	20,250	1,550	2,500	2,500	2,500	2,500
			1,148	1,036	885	731	577
	'83-17	17,595	2,335	2,585	2,585	2,585	2,585
			1,464	1,248	1,020	791	562
Refunding Bonds	'85-16A 66	42,480	—	—	—	—	215
			2,717	2,879	2,879	2,879	2,872
Total Trunk Highway Fund		81,625	5,185	5,085	5,085	5,085	5,300
			5,353	5,163	4,784	4,401	4,011
Maximum Effort School Loan Fund							
School Loans	'67-583	560	280	280	—	—	—
			25	8	—	—	—
	'69-1056	6,285	1,455	1,455	435	435	435
			314	231	179	156	134
	'80-545	1,025	152	167	177	160	161
			73	62	49	36	24
Refunding Bonds	'85-16A 66	14,060	—	—	—	—	25
			835	959	959	959	959
Total Maximum Effort School Loan Fund		21,930	1,887	1,902	612	595	621
			1,246	1,260	1,187	1,152	1,116

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1989-2008
PRINCIPAL PAYMENTS—BOLD **INTEREST PAYMENTS—MEDIUM FACE**
(\$ in Thousands)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
664	535	402	270	135	—	—	—	—	—	—	—	—	—	—
1,250	1,250	1,250	1,250	—	—	—	—	—	—	—	—	—	—	—
249	188	125	63	—	—	—	—	—	—	—	—	—	—	—
2,500	2,500	2,500	2,500	2,500	600	—	—	—	—	—	—	—	—	—
669	545	419	292	164	35	—	—	—	—	—	—	—	—	—
2,725	1,571	845	675	690	740	740	90	90	80	—	—	—	—	—
503	338	252	203	159	112	64	15	9	3	—	—	—	—	—
285	140	—	—	—	—	—	—	—	—	—	—	—	—	—
25	6	—	—	—	—	—	—	—	—	—	—	—	—	—
600	600	—	—	—	—	—	—	—	—	—	—	—	—	—
83	28	—	—	—	—	—	—	—	—	—	—	—	—	—
3,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
74	—	—	—	—	—	—	—	—	—	—	—	—	—	—
910	666	485	80	80	220	220	220	220	215	—	—	—	—	—
191	139	103	85	80	70	54	39	23	8	—	—	—	—	—
512	364	210	25	25	95	95	95	95	95	—	—	—	—	—
98	63	43	36	34	30	24	17	10	3	—	—	—	—	—
1,875	1,175	75	75	—	—	—	—	—	—	—	—	—	—	—
121	39	8	4	—	—	—	—	—	—	—	—	—	—	—
16,115	27,375	41,615	35,844	38,565	43,434	46,515	37,600	30,360	32,692	25,461	16,990	8,091	8,091	3,751
28,177	26,737	24,321	21,559	18,954	16,150	13,068	10,165	7,801	5,590	3,535	2,029	1,134	556	133
—	—	—	—	—	—	—	3,145	3,145	—	—	—	—	—	—
3	3	3	3	3	3	3	2	1	—	—	—	—	—	—
1,600	1,600	1,600	1,600	1,600	—	—	—	—	—	—	—	—	—	—
451	355	258	157	53	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
97,706	87,975	83,280	63,699	58,035	58,754	57,485	46,175	38,935	30,022	25,461	16,990	8,091	8,091	3,751
43,314	37,263	31,707	26,948	22,841	18,841	14,773	11,129	8,378	5,782	3,535	2,029	1,134	556	133
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2,500	1,550	1,550	1,550	1,550	—	—	—	—	—	—	—	—	—	—
422	307	231	155	78	—	—	—	—	—	—	—	—	—	—
2,585	2,335	—	—	—	—	—	—	—	—	—	—	—	—	—
332	108	—	—	—	—	—	—	—	—	—	—	—	—	—
2,195	2,125	3,245	8,705	4,510	4,440	4,380	3,180	2,610	2,570	2,535	590	590	590	—
2,798	2,662	2,487	2,092	1,651	1,346	1,043	783	581	399	217	106	64	21	—
7,280	6,010	4,795	10,255	6,060	4,440	4,380	3,180	2,610	2,570	2,535	590	590	590	—
3,551	3,077	2,718	2,247	1,729	1,346	1,043	783	581	399	217	106	64	21	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
435	435	435	435	135	135	60	—	—	—	—	—	—	—	—
111	87	64	40	20	12	4	—	—	—	—	—	—	—	—
156	51	—	—	—	—	—	—	—	—	—	—	—	—	—
11	2	—	—	—	—	—	—	—	—	—	—	—	—	—
245	235	360	355	1,280	1,625	1,850	1,700	1,595	1,750	1,275	900	310	310	245
950	935	916	892	837	741	626	506	393	276	170	94	51	28	9
836	721	795	790	1,415	1,760	1,910	1,700	1,595	1,750	1,275	900	310	310	245
1,072	1,025	979	932	858	753	630	506	393	276	170	94	51	28	9

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1989-2008
PRINCIPAL PAYMENTS—BOLD **INTEREST PAYMENTS—MEDIUM FACE**
(\$ in Thousands)

<u>Fund & Type</u>	<u>Authorization Year-Chapter</u>	<u>Amount Outstanding 6-30-88</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Family Farm Security							
Loan Bond Fund							
Family Farm Security	X-86-2	\$ 16,000	\$ —	\$ 8,000	\$ 8,000	\$ —	\$ —
			1,252	1,011	420	—	—
Total Family Farm Security		16,000	—	8,000	8,000	—	—
			1,252	1,011	420	—	—
Cigarette Tax Bonds							
State Building, Capital Improvement	'87-400	45,000	3,330	3,330	3,330	3,330	3,330
			2,762	2,562	2,362	2,162	1,962
Cigarette Tax Fund Total		45,000	3,330	3,330	3,330	3,330	3,330
			2,762	2,562	2,362	2,162	1,962
Sports and Health Club Tax Bonds							
State Building, Capital Improvement	'87-400	5,000	330	330	330	330	330
			312	292	272	252	232
Sports and Health Club Tax Fund Total		5,000	330	330	330	330	330
			312	292	272	252	232
State University Board							
Revenue Bond Fund	'69-1152	7,390	420	2,855	4,115	—	—
			407	313	222	—	—
	'73-759	5,025	200	200	200	200	200
			251	241	231	221	210
Total State University Board		12,415	620	3,055	4,315	200	200
Revenue Bond Fund			658	554	453	221	210
Game and Fish Fund	'79-338	523	—	3	3	3	3
			34	36	36	36	35
Total Game and Fish Fund		523	—	3	3	3	3
			34	36	36	36	35
Total Principal—All Funds(1)		1,290,125	84,485	99,695	111,505	98,615	94,940
Total Interest—All Funds			79,800	76,261	69,732	62,981	56,790
Total Debt Service—All Funds(2) (3)			184,285	175,956	181,237	161,596	151,730

- (1) Does not include \$200 million and \$5.5 million, dated July 1, 1988 and these issues.
- (2) The Total Debt Service—All Funds does not include \$63,000,000 of bonds dated November 1, 1980; \$37,800,000 of bonds dated August 1, 1981; \$46,500,000 of bonds dated May 1, 1982; \$47,250,000 of bonds dated August 1, 1982; \$48,950,000 of bonds dated August 1, 1983; \$105,500,000 of bonds dated March 1, 1984; \$48,300,000 of bonds dated July 2, 1984; and \$116,500,000 of bonds dated June 1, 1985 for which funds are held in escrow, have been invested and will be sufficient to pay the principal of, and interest on, the bonds to their earliest call date.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1989-2008
PRINCIPAL PAYMENTS—BOLD INTEREST PAYMENTS—MEDIUM FACE
(\$ in Thousands)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3,335	3,335	3,335	3,335	3,335	2,335	2,335	2,335	2,335	2,335	—	—	—	—	—
1,762	1,562	1,359	1,149	932	743	581	417	251	84	—	—	—	—	—
3,335	3,335	3,335	3,335	3,335	2,335	2,335	2,335	2,335	2,335	—	—	—	—	—
1,762	1,562	1,359	1,149	932	743	581	417	251	84	—	—	—	—	—
335	335	335	335	335	335	335	335	335	335	—	—	—	—	—
212	192	172	151	129	107	83	60	36	12	—	—	—	—	—
335	335	335	335	335	335	335	335	335	335	—	—	—	—	—
212	192	172	151	129	107	83	60	36	12	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4,025	—	—	—	—	—	—	—	—	—	—	—	—	—	—
103	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4,025	—	—	—	—	—	—	—	—	—	—	—	—	—	—
103	—	—	—	—	—	—	—	—	—	—	—	—	—	—
23	40	55	46	45	51	55	50	40	38	29	20	9	9	4
34	32	29	25	22	19	15	12	9	6	4	1	1	1	—
23	40	55	46	45	51	55	50	40	38	29	20	9	9	4
34	32	29	25	22	19	15	12	9	6	4	1	1	1	—
113,540	98,415	92,595	78,480	68,225	67,675	66,500	53,775	45,850	45,050	29,300	18,500	9,000	9,000	4,000
50,049	43,151	36,963	31,451	26,511	21,808	17,126	12,907	9,649	6,560	3,927	2,231	1,250	606	142
163,589	141,566	129,558	109,911	95,736	89,483	83,626	66,682	55,499	51,610	33,227	20,731	10,250	9,606	4,142

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1988
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971-856(1)	Municipal Aid	\$ 4,330	Municipal Aid	\$ 4,330	\$ 0	\$ 4,330
1979-300(3)	Building	3,264	Public Dam Reconstruction	3,264	3,135	129
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	15,025	4,975
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	12,500	2,500
1981-334(1)	Building	46,315	District Heating System	46,315	8,340	37,975
1983-323	Building	30,000	School Energy	30,000	23,000	7,000
1984-597	Transportation	16,000	Railroad Rehabilitation	12,000		
			Local Interstate Substitution	4,000	9,000	7,000
x1985-15	Building	154,865	Supreme Court	2,450		
			Administration	7,778		
			Natural Resources	10,915		
			Energy and Economic Development	28,975		
			Military Affairs	1,130		
			Agriculture	1,500		
			Historical Society	5,700		
			Education	515		
			Vocational Technical Education	7,088		
			Community Colleges	4,807		
			State Universities	12,589		
			University of Minnesota	71,243		
			Other	175	108,500	46,365
x1985-15	Transportation	2,035	Interstate Substitution	2,035	0	2,035
x1985-15	Waste Management	11,400	Waste Processing Facility Assistance	11,400	4,800	6,600
1986-398	Rural Finance Authority	50,000	Farm Loan Restructuring	50,000	2,500	47,500
x1986-2	Family Farm Security	20,000	Family Farm Security Loan Guaranty Program	20,000	16,000	4,000
1987-400	Building	370,972.2	Supreme Court	32,500		
			Administration	19,656.8		
			Capital Area Architectural Planning Board	300		
			Natural Resources	16,770		
			Energy & Economic Development	46,250		
			Iron Range Resources and Rehabilitation Board	2,200		
			Military Affairs	2,500		
			Veterans Affairs	2,500		
			Historical Society	54,284		
			Education	10,981		
			Vocational Technical Education	33,198.1		
			Community College	34,960		
			State Universities	52,491.2		
			University of Minnesota	47,779.7		
			Corrections	2,274.4		
			Human Services	7,875		
			Minnesota Center for the Arts	4,000		
			Other	452	42,896	328,076.2

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JUNE 30, 1988
(In Thousands)

Authorization	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1987-400	Transportation	8,800	County Municipal Township Bridges	8,800	3,000	5,800
1987-400	Waste Management	4,000	Waste Processing Facility Assistance	4,000	0	4,000
1987-400	Water Pollution Control	66,747	Prevention, Control, Abatement of Water Pollution	66,747	0	66,747
1987-400	Reinvest in Minnesota	19,000	Agriculture Natural Resources	9,000 10,000	10,000	9,000
x1987-3	Building	435	Administration	435	0	435
1988-718	School Loan	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	0	20,000
1988-718	Building	8,000	Cooperative Secondary Facilities Grant Program	8,000	0	8,000
Total Authorized, Unissued(2)						\$ 612,467.2

- (1) Laws 1984, Chapter 597 reduced Building Bond authorizations as follows:
Laws 1981, Chapter 334 by \$3,685,000; and Laws 1983, Chapter 344 by \$7,660,000. Laws 1984, Chapter 597 also reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by \$15,670,000.
- (2) Laws 1984, Chapter 597 authorizes the increase of all authorized and unissued bonds, as authorized before 1984, by 5 percent for payments made under contracts for interest rate reduction measures.
- (3) Special Session Laws 1985, Chapter 15 reduced Building Bond authorizations as follows:
Laws 1979, Chapter 300 by \$511,000 and Laws 1984, Chapter 597 by \$767,500.

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STATISTICAL SECTION

The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1979-1988
(In Thousands)

	1979	1980	1981	1982
Individual Income Taxes.....	\$1,640,604	\$1,749,125	\$1,892,685	\$1,992,351
Corporate Income Taxes.....	347,284	375,510	352,462	358,300
Sales Taxes.....	610,473	652,442	690,765	879,288
Gross Earnings Taxes.....	137,492	133,470	141,268	139,185
Motor Vehicle Excise Tax.....	96,967	88,771	87,227	103,888
Motor Vehicle Licenses.....	116,703	128,998	136,570	153,447
Gasoline and Special Fuel Taxes.....	228,716	215,875	241,715	280,174
Other Taxes.....	392,041	388,185	356,502	378,796
Federal Revenues.....	958,880	1,133,867	1,309,202	1,213,462
Other Revenues.....	257,555	286,192	314,341	345,318
Gross Revenues.....	\$4,786,715	\$5,152,435	\$5,522,737	\$5,844,209
Less Revenue Refunds.....	286,717	416,918	433,846	405,577
Net Revenues.....	<u>\$4,499,998</u>	<u>\$4,735,517</u>	<u>\$5,088,891</u>	<u>\$5,438,632</u>

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1979-1988
(In Thousands)

	1979	1980	1981	1982
Current Expenditures:				
Protection of Persons/Property.....	\$ 61,918	\$ 67,431	\$ 74,228	\$ 77,322
Transportation.....	144,073	155,287	160,639	171,483
Resource Management.....	61,676	68,858	79,807	83,735
Economic/Manpower Development.....	84,493	97,578	108,508	108,738
Education.....	167,373	187,577	199,967	300,333
Health and Social Services.....	205,024	225,037	243,305	251,701
General Government.....	81,671	90,175	94,704	101,976
Capital Outlay.....	98,382	272,885	242,500	181,532
Debt Service.....	99,856	103,899	121,051	154,413
Grants and Subsidies.....	3,127,424	3,482,126	3,747,219	4,405,069
Total Expenditures.....	\$4,131,890	\$4,750,853	\$5,071,928	\$5,836,302
Net Operating Transfers-Out.....	120,205	278,594	150,172	180,364
Total Expenditures and Net Transfers-Out.....	<u>\$4,252,095</u>	<u>\$5,029,447</u>	<u>\$5,222,100</u>	<u>\$6,016,666</u>

- (1) Revenues and expenditures are accounted for on the modified accrual basis for fiscal years 1980-1988 and on the budgetary basis for fiscal year 1979.
(2) Revenue for fiscal years 1979-1987 is shown at gross with revenue refunds shown separately. Fiscal year 1988 revenue is shown net of revenue refunds.
(3) Net operating transfers-out are reduced by bond proceeds of the Special Revenue Funds for the following years:

1984	40,000,000
1985	35,000,000
1986	1,250,000
1987	8,000,000
1988	10,500,000

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1979-1988
(In Thousands)

1983	1984	1985	1986	1987	1988
\$2,304,202	\$2,642,957	\$2,638,570	\$2,488,268	\$2,757,164	\$2,626,343
287,296	340,027	420,235	403,121	501,091	416,646
1,013,837	1,264,135	1,357,131	1,374,652	1,478,303	1,681,263
176,160	147,128	133,041	160,611	223,995	224,490
123,897	179,188	197,213	207,774	225,617	235,907
178,016	198,685	228,017	239,409	259,112	254,061
282,485	348,081	360,517	342,349	361,386	386,971
360,061	355,369	409,425	353,868	336,660	382,140
1,237,041	1,395,774	1,462,835	1,724,286	1,765,052	1,821,810
405,644	465,383	640,057	537,426	522,133	601,652
\$6,368,639	\$7,336,727	\$7,847,041	\$7,831,764	\$8,430,513	\$8,631,283
463,509	451,801	558,406	683,744	574,815	0 (2)
<u>\$5,905,130</u>	<u>\$6,884,926</u>	<u>\$7,288,635</u>	<u>\$7,148,020</u>	<u>\$7,855,698</u>	<u>\$8,631,283</u>

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS-OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1979-1988
(In Thousands)

1983	1984	1985	1986	1987	1988
\$ 80,146	\$ 87,285	\$ 94,708	\$ 103,018	\$ 105,574	\$ 118,376
185,370	205,123	219,422	223,550	241,552	253,540
90,298	99,045	109,707	115,351	123,411	145,498
112,327	131,407	139,395	150,968	159,967	157,734
238,945	299,428	293,380	305,576	324,758	365,818
269,724	306,188	324,254	348,992	367,186	399,713
114,661	117,542	136,136	142,766	146,419	166,060
158,543	236,173	348,670	384,850	408,734	446,849
222,010	164,178	289,324	165,934	181,697	175,702
3,668,006	4,625,102	4,953,819	5,138,516	5,480,781	5,812,261
\$5,140,030	\$6,271,471	\$6,908,815	\$7,079,521	\$7,540,079	\$8,041,551
148,699	179,230 (3)	197,735 (3)	207,311 (3)	238,639 (3)	245,917 (3)
<u>\$5,288,729</u>	<u>\$6,450,701</u>	<u>\$7,106,550</u>	<u>\$7,286,832</u>	<u>\$7,778,718</u>	<u>\$8,287,468</u>

ASSESSED VALUE OF TAXABLE PROPERTY
1979-1988

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Percentage Increase Per Year</u>
1979	\$17,614,740,615	\$473,975,146	\$18,088,715,761	13.61%
1980	21,369,562,328	515,956,691	21,885,519,019	20.99
1981	24,355,839,165	657,198,624	25,013,037,789	14.29
1982	26,859,320,940	719,236,489	27,578,557,429	10.26
1983	27,603,262,506	769,544,956	28,372,807,462	2.88
1984	28,146,965,204	797,750,660	28,944,715,864	2.02
1985	28,412,803,371	828,890,699	29,241,694,070	1.03
1986	28,589,100,164	857,267,746	29,446,367,910	0.70
1987	29,019,276,963	875,697,037	29,894,974,000	1.52
1988(est)	30,296,000,000	864,000,000	31,160,000,000	4.23

Source: Minnesota Department of Revenue.

MARKET VALUE OF TAXABLE PROPERTY
1979-1988

<u>Year of Assessment</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Market Value</u>	<u>Percentage Increase Per Year</u>
1979	\$ 64,409,727,924	\$1,127,182,828	\$ 65,536,910,752	26.55%
1980	90,485,938,695	1,223,819,987	91,709,758,682	39.94
1981	103,331,241,893	1,557,557,879	104,888,799,772	14.37
1982	113,238,393,070	1,704,442,662	114,942,835,732	9.59
1983	118,297,105,953	1,822,351,991	120,119,457,944	4.50
1984	120,668,207,126	1,892,326,701	122,560,533,827	2.03
1985	121,217,292,475	1,967,183,838	123,184,476,313	0.51
1986	119,726,713,732	2,033,815,060	121,760,528,792	(1.16)
1987	121,569,192,136	2,077,487,365	123,646,679,501	1.55
1988(est)	128,694,000,000	2,092,000,000	130,786,000,000	5.77

Source: Minnesota Department of Revenue.

SCHEDULE OF RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
OF TAXABLE PROPERTY AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

<u>Year</u>	<u>General Obligation Bonded Debt (In Thousands)</u>	<u>Percent Debt to Assessed Value(1)</u>	<u>Bonded Debt Per Capita</u>
	\$ 819,003	4.65 %	\$202.8
1979	863,725	4.04	211.9
1980	885,412	3.64	215.3
1981	937,619	3.49	226.9
1982	921,800	3.34	222.4
1983	1,057,945	3.76	254.2
1984	1,130,155	3.98	269.7
1985	1,202,536	4.21	285.4
1986	1,137,560	3.92	267.9
1987	1,277,783	4.22	299.0
1988			

(1) Includes real property only.

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION
BONDED DEBT TO GENERAL EXPENDITURES
FISCAL YEARS 1979-1988
(In Thousands)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>General Expenditures (1)</u>	<u>Percent of Expenditures</u>
		\$36,089	\$ 97,599	\$4,131,890	2.36%
1979	\$61,510	38,247	103,525	4,750,853	2.18
1980	65,278	46,413	114,726	5,071,928	2.26
1981	68,313	49,667	122,460	5,836,302	2.10
1982	72,793	59,042	137,861	5,140,030	2.68
1983	78,819	61,486	139,341	6,271,471	2.22
1984	77,855	71,578	156,468	6,908,815	2.26
1985	84,890	74,943	160,803	7,079,521	2.27
1986	85,860	82,515	175,180	7,540,079	2.32
1987	92,665	74,374	161,569	8,041,551	2.01
1988	87,195				

(1) Includes the General, Special Revenue and Debt Service Funds.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HOUSING FINANCE AGENCY
PROGRAMS FUND
FISCAL YEARS 1979-1988
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage (3)
					Principal	Interest	Total	
1979	\$ 23,079	\$ 60,750	\$1,126	\$ 82,703	\$ 14,336	\$ 44,400	\$ 58,736	1.41
1980	19,689	72,438	1,581	90,546	16,725	52,465	69,190	1.31
1981	22,338	92,030	2,023	112,345	23,797	67,471	91,268	1.23
1982	39,842	102,180	2,284	139,738	28,771	74,182	102,953	1.36
1983	34,569	112,973	5,275	142,267	92,907	92,612	185,519	0.77
1984	46,648	127,350	3,416	170,582	37,675	104,467	142,142	1.20
1985	40,750	148,800	3,448	186,102	52,695	120,173	172,868	1.08
1986	69,833	156,115	4,820	221,128	54,934	132,598	187,532	1.18
1987	111,348	150,986	6,584	255,750	172,229	124,709	296,938	0.86
1988	92,256	156,071	5,276	243,051	115,595	125,746	241,341	1.01

(1) Gains (Losses) on revenue bond refundings are included.

(2) Depreciation, amortization, interest, and financing expenses are not included.

(3) Other sources of funds not reflected above for revenue bond coverage are: federal grants and subsidies, state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION FACILITIES AUTHORITY
FISCAL YEARS 1979-1988
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage (3)
					Principal	Interest	Total	
1979	\$ -	\$5,580	\$129	\$ 5,451	\$ 1,825	\$3,104	\$ 4,929	1.11
1980	2,223	4,443	114	8,552	1,860	4,037	5,897	1.11
1981	1,924	4,848	157	6,615	1,975	4,468	6,443	1.03
1982	2,016	4,941	55	6,902	2,240	4,562	6,802	1.01
1983	2,783	6,509	130	9,162	2,460	5,988	8,448	1.08
1984	2,181	7,929	144	9,966	9,535	7,606	17,141	0.58
1985	1,978	8,067	158	9,887	10,285	7,602	17,887	0.55
1986	1,936	7,788	145	9,579	2,305	7,049	9,354	1.02
1987	2,598	7,999	195	10,402	5,825	7,254	13,079	0.80
1988	1,224	7,663	286	8,601	14,675	6,884	21,559	0.40

(1) Investment income from nonoperating revenues is included.

(2) Depreciation, amortization, interest, and financing expenses are not included.

(3) Other sources of funds not reflected above for revenue bond coverage are state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
STATE UNIVERSITY BOARD REVENUE FUND
FISCAL YEARS 1979-1988
(Dollars in Thousands)

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1979	\$20,051	\$12,583	\$7,468	\$1,345	\$2,444	\$3,789	1.97
1980	21,125	12,246	8,879	1,345	2,602	3,947	2.25
1981	22,856	14,695	8,161	1,395	2,417	3,812	2.14
1982	25,424	18,695	6,729	1,450	2,353	3,803	1.77
1983	26,113	19,951	6,162	1,552	2,286	3,838	1.61
1984	26,487	20,877	5,610	1,500	2,217	3,717	1.51
1985	29,642	21,546	8,096	1,565	2,136	3,701	2.19
1986	29,891	22,247	7,644	1,605	2,061	3,666	2.09
1987	31,695	22,637	9,058	1,655	1,983	3,638	2.49
1988	33,675	24,683	8,992	1,700	1,903	3,603	2.50

(1) Proceeds from grants and subsidies and investment income from nonoperating revenues are included.

(2) Depreciation, amortization, interest, and financing expenses are not included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION COORDINATING BOARD
STUDENT LOAN FUND
FISCAL YEARS 1979-1988
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1979	\$ 31,301	\$ 8,659	\$ 749	\$ 39,211	\$ -	\$ 3,085	\$ 3,085	12.71
1980	5,626	17,639	1,356	21,909	-	7,571	7,571	2.89
1981	5,687	33,559	2,414	36,832	-	13,642	13,642	2.70
1982	10,206	49,055	3,436	55,825	5,000	23,786	28,786	1.94
1983	25,908	43,434	4,678	64,664	9,000	27,580	36,580	1.77
1984	55,103	50,696	5,486	100,313	66,600	30,026	96,626	1.04
1985	103,416	52,408	5,092	150,732	108,500	29,060	137,560	1.10
1986	47,014	51,049	5,232	92,831	20,720	22,524	43,244	2.15
1987	29,449	36,295	5,359	60,385	20,585	19,806	40,391	1.50
1988	37,077	37,417	6,152	68,342	22,000	18,431	40,431	1.69

(1) Proceeds from nonstate grants and subsidies are included. Also included are gains (losses) on revenue bond refundings and investment income from nonoperating revenues.

(2) Depreciation, amortization, interest, and financing expenses are not included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
ECONOMIC DEVELOPMENT AUTHORITIES
FISCAL YEARS 1985-1988
(Dollars in Thousands)

Year	Loan Repayments	Gross Revenue (2)	Direct Operating Expenses (3)	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1985 (1)	\$ -	\$ 3,071	\$2,195	\$ 876	\$ -	\$ 372	\$ 372	2.35
1986	529	8,827	4,521	4,835	120	4,696	4,816	1.00
1987	1269	12,297	3,472	10,094	575	8,564	9,139	1.10
1988	1721	10,759	5,244	7,236	2,485	8,829	11,314	0.64

(1) First year revenue bonds were issued.

(2) Investment income from nonoperating revenues is included.

(3) Other nonoperating expenses are included.

MINNESOTA BANK DEPOSITS AND GROSS RETAIL SALES
(In Millions)

<u>Year</u>	<u>Bank Deposits</u>	<u>Retail Sales</u>
1979	\$22,927	\$17,869
1980	25,463	18,917
1981	27,415	20,115
1982	30,028	20,833
1983	33,946	23,150
1984	37,263	25,948
1985	39,236	26,734
1986	41,601	28,418
1987	42,400	30,701
1988	N/A	N/A

Sources: Federal Deposit Insurance Corporation.
Minnesota Department of Revenue, Unpublished.

MINNESOTA POPULATION, PER CAPITA PERSONAL INCOME AND UNEMPLOYMENT RATE

<u>Year</u>	<u>Population (In Thousands)</u>	<u>Personal Income</u>	<u>Unemployment Rate</u>
1979	4,038	\$ 9,226	4.2 %
1980	4,085	10,062	5.9
1981	4,113	11,017	5.5
1982	4,133	11,549	7.8
1983	4,146	12,076	8.2
1984	4,164	13,402	6.3
1985	4,191	14,147	6.0
1986	4,214	14,994	5.3
1987	4,246	15,782	5.4
1988 (est)	4,273	16,906	4.7

Source: Data Resources Incorporated.

NEW HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING LOCALITIES
(In Thousands)

<u>YEAR</u>	<u>VALUATION</u>	<u>YEAR</u>	<u>VALUATION</u>
1979	\$1,227,351	1984	\$1,456,444
1980	974,133	1985	1,650,678
1981	840,449	1986	2,141,579
1982	909,185	1987	2,421,528
1983	1,321,444	1988	N/A

Source: U.S. Bureau of the Census Construction Reports.

EMPLOYMENT MIX IN MINNESOTA
(In Thousands)

Category	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988 (est)
Manufacturing Durable	234.0	225.7	219.6	206.6	205.5	226.4	226.3	219.1	221.4	230.4
Manufacturing Non-Durable	147.6	145.5	144.4	140.2	140.6	147.4	149.0	150.0	153.5	157.9
Mining	17.2	15.6	15.6	9.5	8.4	9.4	8.3	6.5	6.0	6.8
Construction	83.2	76.5	67.7	59.9	60.4	67.6	71.3	75.0	81.9	79.0
Transportation/Public Utilities	100.3	99.1	97.4	93.1	92.7	96.9	98.4	98.0	100.4	101.9
Trade	443.1	442.8	439.9	429.5	430.3	455.8	465.6	471.1	488.1	502.8
Finance/Insurance/Real Estate	91.5	94.8	97.8	98.2	101.2	106.1	110.3	115.2	119.8	123.6
Service	354.4	369.7	379.9	380.8	392.4	416.6	434.4	449.7	474.2	495.0
Government	295.6	300.6	299.0	289.6	286.6	293.7	301.2	308.0	314.2	320.6
Agriculture	124.5	123.8	122.3	121.2	97.2	115.1	113.1	96.0	94.8	N/A (1)
Total Employed	<u>1,891.4</u>	<u>1,894.1</u>	<u>1,883.6</u>	<u>1,828.6</u>	<u>1,815.3</u>	<u>1,935.0</u>	<u>1,977.9</u>	<u>1,988.6</u>	<u>2,054.3</u>	<u>2,018.0</u>

(1) Not Available

Source: Minnesota Department of Jobs & Training.

AVERAGE DAILY PUBLIC SCHOOL MEMBERSHIP

School Year	Kindergarten	Elementary	Secondary	Total All Grades
1978-79	53,528	336,428	413,356	803,312
1979-80	50,947	326,716	394,438	772,101
1980-81	52,732	319,096	379,545	751,373
1981-82	52,143	309,421	367,541	729,105
1982-83	54,130	297,255	359,585	710,970
1983-84	56,006	290,904	353,273	700,183
1984-85	58,129	292,873	344,817	695,819
1985-86	61,151	301,282	336,573	699,006
1986-87	60,893	312,687	331,496	705,076
1987-88(est)	62,391	327,251	326,120	715,762

Source: Minnesota Department of Education.

MINNESOTA BASED CORPORATIONS INCLUDED IN THE FORTUNE 500
(Dollars in Thousand)

Rank 1987	Rank 1986	Company	Sales	Assets	Rank	Net Income	Rank
37	39	Minnesota Mining & Manufacturing	\$9,429,000	\$8,031,000	44	\$918,000	20
63	52	Honeywell	6,679,300	5,285,200	66	253,700	85
68	61	Pillsbury	6,127,800	3,853,000	98	181,900	128
77	80	General Mills	5,208,300	2,280,400	157	222,000	104
125	119	Control Data	3,366,500	2,638,600	142	19,300	389
172	181	Geo. A. Hormel	2,314,100	698,000	343	45,900	298
179	167	Land O'Lakes	2,188,500	688,300	347	N/A	-
228	240	International Multifoods	1,533,400	644,700	367	51,500	284
295	260	Farmers Union Central Exchange	1,138,500	639,100	368	N/A	-
331	353	Economic Laboratory	989,300	982,400	278	52,200	282
339	335	Deluxe Check Printers	948,000	866,300	305	148,500	149
342	336	Bemis	930,000	545,300	387	32,000	334
348	269	Minstar	877,200	503,600	406	(2,500)	433
368	411	Pentair	789,200	440,400	428	21,900	374
397	421	Cray Research	687,300	902,300	294	147,100	152
410	431	Jostens	638,100	360,700	458	44,700	300
431	457	W.B. Fuller	597,100	329,600	466	25,800	358
469	-	Toro	521,100	241,900	485	17,000	400
479	-	Medtronic	502,000	559,700	381	73,800	226

Source: Fortune Magazine, dated April 25, 1988.

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